

**SERIAL 03101 RFP ARBITRAGE CALCULATION SERVICES (NIGP 91849)**

**DATE OF LAST REVISION: June 07, 2007**

**CONTRACT END DATE: November 30, 2009**

**NOVEMBER 30, 2009**  
**CONTRACT PERIOD THROUGH ~~NOVEMBER 30, 2006~~**

**TO: All Departments**

**FROM: Department of Materials Management**

**SUBJECT: Contract for ARBITRAGE CALCULATION SERVICES (NIGP 91849)**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **October 30, 2003**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

---

Wes Baysinger, Director  
Materials Management

DL/mm  
Attach

Copy to: Clerk of the Board  
John Lewis, Finance  
Materials Management

(Please remove Serial 98136-RFP from your contract notebooks)



## CONTRACT PURSUANT TO RFP

SERIAL 03101-RFP

This Contract is entered into this 19<sup>th</sup> day of October, 2003 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and **FIRST SOUTHWEST ASSET MANAGEMENT, INC.** a Texas corporation ("Contractor") for the purchase of Arbitrage Calculation services.

### 1.0 TERM

- 1.1 This Contract is for a term of **three (3)** years, beginning on the 1<sup>st</sup> day of December, 2003 and ending the 30<sup>th</sup> day of November, 2006 2009.
- 1.2 The County may, at its option and with the agreement of the Contractor, extend the period of this Contract for additional one (1) year terms up to a maximum of **three (3)** additional terms. The County shall notify the Contractor in writing of its intent to extend the Contract period at least thirty (30) calendar days prior to the expiration of the original contract period, or any additional term thereafter.

### 2.0 PAYMENT

- 2.1 As consideration for performance of the duties described herein, County shall pay Contractor the sum stated in Final Pricing, attached hereto and incorporated herein as Exhibit "A." Payment shall be made as set forth in the RFP and or the Best and Final Offer.
- 2.2 Payment under this Contract shall be made in the manner provided by law. Invoices shall be prepared and submitted in accordance with the instructions provided on the purchase order. Invoices shall contain the following information: purchase order number, item numbers, description of supplies and/or services, sizes quantities, unit prices, and extended totals and applicable sales/use tax. The County is not subject to excise tax.

### 3.0 DUTIES

- 3.1 The Contractor shall perform all duties stated in the Agreed Scope of Work, attached hereto and incorporated herein as Exhibit "B."
- 3.2 Contractor shall perform services at the location(s) and time(s) stated in Exhibit "B," or in the purchase order requesting such services.
- 3.3 During the Contract term, County shall provide Contractor's personnel with adequate workspace for Contractors and such other related facilities as may be required by Contractor to carry out its contractual obligations.

## 4.0 TERMS &amp; CONDITIONS

## 4.1 INDEMNIFICATION AND INSURANCE:

## 4.1.1 INDEMNIFICATION

To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify, and hold harmless COUNTY, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the acts, errors, omissions or mistakes relating to the performance of this Contract. CONTRACTOR'S duty to defend, indemnify and hold harmless COUNTY, its agents, representatives, officers, directors, officials, and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property, including loss of use resulting therefrom, caused by any acts, errors, omissions or mistakes in the performance of this Contract including any person for whose acts, errors, omissions or mistakes CONTRACTOR may be legally liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

4.1.2 Abrogation of Arizona Revised Statutes Section 34-226:

In the event that A.R.S. § 34-226 shall be repealed or held unconstitutional or otherwise invalid by a court of competent jurisdiction, then to the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless COUNTY, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or resulting from CONTRACTOR'S work or services. CONTRACTOR'S duty to defend, indemnify and hold harmless, COUNTY, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, injury to, impairment or destruction of property including loss of use resulting therefrom, caused in whole or in part by any act or omission of CONTRACTOR, anyone CONTRACTOR directly or indirectly employs or anyone for whose acts CONTRACTOR may be liable, regardless of whether it is caused in part by a party indemnified hereunder, including COUNTY.

The scope of this indemnification does not extend to the sole negligence of COUNTY.

4.1.3 Insurance Requirements.

CONTRACTOR, at CONTRACTOR'S own expense, shall purchase and maintain the herein stipulated minimum insurance from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++6. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies, which are authorized to do business in the State of Arizona, provided that said insurance companies, meet the approval of COUNTY. The form of any insurance policies and forms must be acceptable to COUNTY.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of COUNTY, constitute a material breach of this Contract.

CONTRACTOR'S insurance shall be primary insurance as respects COUNTY, and any insurance or self-insurance maintained by COUNTY shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect **COUNTY**.

The insurance policies may provide coverage, which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to **COUNTY** under such policies. **CONTRACTOR** shall be solely responsible for the deductible and/or self-insured retention and **COUNTY**, at its option, may require **CONTRACTOR** to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

**COUNTY** reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. **COUNTY** shall not be obligated, however, to review such policies and/or endorsements or to advise **CONTRACTOR** of any deficiencies in such policies and endorsements, and such receipt shall not relieve **CONTRACTOR** from, or be deemed a waiver of **COUNTY'S** right to insist on strict fulfillment of **CONTRACTOR'S** obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation, shall name **COUNTY**, its agents, representatives, officers, directors, officials and employees as Additional Insured's.

The policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against **COUNTY**, its agents, representatives, officers, directors, officials and employees for any claims arising out of **CONTRACTOR'S** work or service.

4.1.3.1 Commercial General Liability. **CONTRACTOR** shall maintain Commercial General Liability Insurance (CGL) and, if necessary, Commercial Umbrella Insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00 01 10 93 or any replacements thereof. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

The policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision, which would serve to limit third party action over claims.

The CGL and the commercial umbrella coverage, if any, additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form CG 20 10 10 01, and shall include coverage for **CONTRACTOR'S** operations and products.

4.1.3.2 Automobile Liability. **CONTRACTOR** shall maintain Automobile Liability Insurance and, if necessary, Commercial Umbrella Insurance with a combined single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, with respect to **CONTRACTOR'S** vehicles (including owned, hired, non-owned), assigned to or used in the performance of this Contract. If hazardous substances, materials, or wastes are to be transported, MCS 90 endorsement shall be included and \$5,000,000 per accident limits for bodily injury and property damage shall apply.

- 4.1.3.3 Workers' Compensation. **CONTRACTOR** shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of **CONTRACTOR'S** employees engaged in the performance of the work or services, as well as Employer's Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit.

**CONTRACTOR** waives all rights against **COUNTY** and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Workers' Compensation and Employer's Liability or commercial umbrella liability insurance obtained by **CONTRACTOR** pursuant to this agreement.

In case any work is subcontracted, **CONTRACTOR** will require the Subcontractor to provide Workers' Compensation and Employer's Liability insurance to at least the same extent as required of **CONTRACTOR**.

4.1.4 Certificates of Insurance.

- 4.1.4.1 Prior to commencing work or services under this Contract, Contractor shall furnish the County with certificates of insurance, or formal endorsements as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall identify this contract number and title.

In the event any insurance policy(ies) required by this contract is(are) written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of **CONTRACTOR'S** work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate must be sent to **COUNTY** fifteen (15) days prior to the expiration date.

4.1.4.2 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

4.2 **PROCUREMENT CARD ORDERING CAPABILITY:**

It is the intent of Maricopa County to utilize the Bank of America MasterCard Procurement Card, or other procurement card that may be used by the County from time to time, to place and make payment for orders under the Contract.

4.3 **INTERNET ORDERING CAPABILITY:**

It is the intent of Maricopa County at it's option to utilize the Internet to place orders under this Contract.

4.4 **NOTICES:**

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County  
Department of Materials Management  
Attn: Director of Purchasing  
320 West Lincoln Street  
Phoenix, Arizona 85003

For Contractor:

First Southwest Asset Management, Inc.  
325 North St. Paul Street, Suite 800  
Dallas, TX 75201

4.5 REQUIREMENTS CONTRACT:

Contractor signifies its understanding and agreement by signing this document, that this Contract is a requirements contract. This Contract does not guarantee any purchases will be made. Orders will only be placed when County identifies a need and issues a purchase order.

Contractor shall take no action under this Contract unless specifically requested by County, which shall submit a written purchase order to Contractor requesting that work be performed or product be delivered.

County reserves the right to cancel purchase orders within a reasonable period of time after issuance. Should a purchase order be canceled, the County agrees to reimburse the Contractor for actual and documented costs incurred by the Contractor pursuant to the purchase order. The County will not reimburse the Contractor for any costs incurred after receipt of cancellation, or for lost profits, or shipment of product or performance of services prior to issuance of a purchase order.

Contractor agrees to accept verbal cancellation of purchase orders.

4.6 ESCALATION:

Any requests for reasonable price adjustments must be submitted thirty (30) days prior to the Contract expiration date. Requests for adjustment in cost of labor and/or materials must be supported by appropriate documentation. If County agrees to the adjusted price terms, County shall issue written approval of the change. The reasonableness of the request will be determined by comparing the request with the Producer Price Index or by performing a market survey.

4.7 TERMINATION:

County may unconditionally terminate this Contract for convenience by providing thirty (30) calendar days advance notice to the Contractor.

County may terminate this Contract if Contractor fails to pay any charge when due or fails to perform or observe any other material term or condition of the Contract, and such failure continues for more than ten (10) days after receipt of written notice of such failure from County, or if Contractor becomes insolvent or generally fails to pay its debts as they mature.

4.8 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or Contractor to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

4.9 OFFSET FOR DAMAGES;

In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

4.10 ADDITIONS/DELETIONS OF SERVICE:

The County reserves the right to add and/or delete products and/or services provided under this Contract. If a requirement is deleted, payment to the Contractor will be reduced proportionately to the amount of service reduced in accordance with the proposal price. If additional services and/or products are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

4.11 SUBCONTRACTING:

The Contractor may not assign this Contract or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County, which shall not be unreasonably withheld. All correspondence authorizing subcontracting must reference the Proposal Serial Number and identify the job project.

4.12 AMENDMENTS:

All amendments to this Contract must be in writing and signed by both parties.

4.13 RETENTION OF RECORDS:

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The County, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

4.14 AUDIT DISALLOWANCES:

If at any time County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

4.15 VALIDITY:

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

4.16 RIGHTS IN DATA:

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.17 INTEGRATION

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, proposals, communications, understandings, representations, or agreements, whether oral or written, express or implied.

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

**CONTRACTOR**

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
PRINTED NAME AND TITLE

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
DATE

**MARICOPA COUNTY**

BY: \_\_\_\_\_  
DIRECTOR, MATERIALS MANAGEMENT

\_\_\_\_\_  
DATE

BY: \_\_\_\_\_  
CHAIRMAN, BOARD OF SUPERVISORS

\_\_\_\_\_  
DATE

ATTESTED:

\_\_\_\_\_  
CLERK OF THE BOARD

\_\_\_\_\_  
DATE

APPROVED AS TO FORM:

\_\_\_\_\_  
MARICOPA COUNTY ATTORNEY

\_\_\_\_\_  
DATE

EXHIBT A

PRICING

SERIAL 03101-RFP

~~P089521/B0603371~~/NIGP 91849

PRICING SHEET

BIDDER NAME: First Southwest Asset Management  
 F.I.D./VENDOR #: W000004560 X  
 BIDDER ADDRESS: 325 North St. Paul Street, Suite 800 325 , Dallas, TX 75201  
 P.O. ADDRESS: \_\_\_\_\_  
 BIDDER PHONE #: (214) 953-4064 4000  
 BIDDER FAX #: (214) 840-5040 540-8400  
 COMPANY WEB SITE: www.firstsw.com  
 COMPANY CONTACT (REP): Randee R. Travis, CPA  
 E-MAIL ADDRESS (REP): rtravis@firstsw.com

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL:  YES  NO

ACCEPT PROCUREMENT CARD:  YES  NO

REBATE (CASH OR CREDIT) FOR UTILIZING PROCUREMENT CARD:  YES  NO  % REBATE  
(Payment shall be made within 48 hrs utilizing the Purchasing Card)

INTERNET ORDERING CAPABILITY:  YES  NO  % DISCOUNT

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT:  YES  NO

PAYMENT TERMS: BIDDER IS REQUIRED TO PICK ONE OF THE FOLLOWING.  
TERMS WILL BE CONSIDERED IN DETERMINING LOW BID.  
FAILURE TO CHOOSE A TERM WILL RESULT IN A DEFAULT TO NET 30.  
BIDDER MUST INITIAL THE SELECTION BELOW.

- NET 10 \_\_\_\_\_
- NET 15 \_\_\_\_\_
- NET 20 \_\_\_\_\_
- NET 30           X
- NET 45 \_\_\_\_\_
- NET 60 \_\_\_\_\_
- NET 90 \_\_\_\_\_
- 2% 10 DAYS NET 30 \_\_\_\_\_
- 1% 10 DAYS NET 30 \_\_\_\_\_
- 2% 30 DAYS NET 31 \_\_\_\_\_
- 1% 30 DAYS NET 31 \_\_\_\_\_
- 5% 30 DAYS NET 31 \_\_\_\_\_

INDICATE PERCENTAGE OF M/WBE PARTICIPATION IF ANY HERE:   0   %

PLEASE INDICATE HOW YOU HEARD ABOUT THIS SOLICITATION:

- NEWSPAPER ADVERTISEMENT
- MARICOPA COUNTY WEB SITE
- PRE-SOLICITATION NOTICE
- OTHER (PLEASE SPECIFY)

**PRICING:**

**ITEM DESCRIPTION**

**FEE SCHEDULE**

**1.0 PER COMPUTATION YEAR**

1.1 INITIAL SETUP	\$ -0-	
1.2 ANNUAL REBATE CALCULATION	\$ 1,800	/ISSUE

**2.0 ADDITIONAL FEES**

2.1 DEBT SERVICE RESERVE FUNDS <sup>1</sup>	\$ 500	/ISSUE
2.2 COMMINGLED FUND ALLOCATIONS <sup>2</sup>	\$ 500	/ISSUE
2.3 TRANSFERRED PROCEED CALCULATIONS <sup>3</sup>	\$ 500	/ISSUE
2.4 DEBT SERVICE FUND RESIDUAL CALCULATIONS <sup>4</sup>	\$ 500	/ISSUE
2.5 YIELD RESTRICTION ANALYSIS/YIELD REDUCTION CALCULATION <sup>5</sup>	\$ 500	/ISSUE
2.6 VARIABLE/FLOATING RATE BOND ISSUE <sup>6</sup>	\$ 1,000	/ISSUE
2.7 SEMI-ANNUAL SPEND-DOWN ANALYSIS	\$ 900	/ISSUE
2.8 COMMERCIAL PAPER	\$ 4,000	/ISSUE
2.9 PENALTY CALCULATIONS	\$ 1,000	/ISSUE
2.10 <b><u>Calculations Performed More Frequently than Annually</u></b>	\$ 500	/ISSUE
2.11 _____	\$	/ISSUE
2.12 _____	\$	/ISSUE
2.13 _____	\$	/ISSUE
2.14 _____	\$	/ISSUE
2.15 _____	\$	/ISSUE

**3.0 CONSULTATION FEES**

3.1 SENIOR CONSULTANT	\$	/HOUR
3.2 CONSULTANT	\$	/HOUR
3.3 SENIOR AUDITOR	\$	/HOUR
3.4 AUDITOR	\$	/HOUR

**4.0 LEGAL FEES**

4.1 SENIOR PARTNER	\$	/HOUR
4.2 PARTNER	\$	/HOUR
4.3 LEGAL ADVISOR	\$	/HOUR

**5.0 REIMBURSIBLE EXPENSES**

- 5.1 TRAVEL AND RELATED EXPENSES ARE REIMBURSED AT COST IN ACCORDANCE WITH THE MARICOPA COUNTY TRAVEL POLICY AND MUST BE PRE-APPROVED BY MARICOPA COUNTY.
- 5.2 PRINTING/REPRODUCTION AND OTHER MISCELLANEOUS EXPENSES ARE REIMBURSED AT COST.

**DEFINITION OF PRICING TERMS**

<sup>1</sup>2.1 Debt Service Reserve Funds. The authorizing documents for many revenue bonds issues require that a separate fund be established (the “reserve fund”) into which either bond proceeds or revenues are deposited in an amount equal to some designated level, such as average annual debt service on all parity bonds. This reserve fund is established for the benefit of the bondholders as additional security for payment on the debt. In most instances, the balance in the reserve fund remains stable throughout the life of the bond issue. Reserve funds, whether funded with bond proceeds or revenues, are subject to the rebate requirement and must be included in any calculations or rebate.

<sup>2</sup>2.2 Commingled Fund Allocations. By definition, a commingled fund means that the proceeds of any particular bond issue have been deposited in a fund that contains amounts that are not part of that bond issue. It is common for issuers to commingle bond proceeds with either operating revenues or other bond proceeds. The arbitrage regulations, while permitting the commingling of funds, require that bond proceeds be separated for purposes of calculating rebate. Interest must be allocated to the portion of the commingled fund that represents bond proceeds of the issue in question.

<sup>3</sup>2.3 Transferred Proceed Calculations. When a bond issue is refinanced (refunded) by another issue, special calculations referred to as “transferred proceeds” may have to be performed. Under the regulations, when proceeds of a refunding issue are used to pay principal on a prior issue, a prorata portion of the refunded bond proceeds are treated as “transferred” to the refunding issue. Although no funds are physically transferred from one issue to another, it is often necessary to perform these paper calculations for rebate purposes.

<sup>4</sup>2.4 Debt Service Fund Residual Calculations. Because tax rates are established using an estimated collection percentage, it is not uncommon for the balance in the debt service fund (often referred to as the Interest & Sinking Fund) to exceed the amount necessary to pay the current year’s debt service requirements. When the Tax Reform Act of 1986 was passed, Congress instructed that excess amount in a debt service fund be treated as a “reserve fund,” thereby subject the excess balance to the rebate requirements. To the extent that any amounts deposited in the debt service fund remain for more than thirteen months on a first-in, first-out basis, that excess is classified as a “reserve fund portion” until used for payment of debt service. In most instances, the “No-Arbitrage Certificate” related to the issue would describe the rebate requirements associated with the debt service fund.

<sup>5</sup>2.5 Yield Restriction Analysis/Yield Reduction Calculation. The Internal Revenue Code provides that, in general, gross proceeds of a bond issue may not be invested at a yield in excess of the bond yield. However, several exceptions to the general rule are provided which allow, in certain circumstances, the investment bond proceeds at an uninvested yield for a temporary period of time. Failure to adhere to these provisions may declare an issue an arbitrage bond, which could cause the issue to be declared taxable. The 1993 Treasury Regulations provide an alternative to the yield restriction of proceeds after the applicable temporary period. Yield reduction payments may be calculated and paid in the same manner as a rebate payment, in order to avoid the bonds as being declared arbitrage bonds.

<sup>6</sup>2.6 Variable/Floating Rate Bond Issues. Additional time is required to perform the arbitrage rebate calculations for variable rate bonds. A bond is a variable rate bond if the interest rate paid on the bond is dependent upon an index, which changes subsequent to the issuance of the bonds.

**EXHIBIT B**

**03101-RFP-ARBITRAGE CALCULATION SERVICES (NIGP94649)**

**SCOPE OF WORK**

This contract includes the required services to perform arbitrage calculations for Maricopa County Bonds, Certificates of Participations, and escrowed lease issues, which currently include:

1. Series 2002 - \$58,225,000 - Maricopa County Stadium District Revenue Bond
2. Series 1994 - \$30,000,000 - Maricopa County Certificate of Participation
3. Series 2002 - \$5,300,000 - Maricopa County Certificate of Participation
4. Series 2000 - \$6,975,000 - Maricopa County Certificate of Participation
5. Series 1998 - \$9,490,996 - Maricopa County Escrowed Lease
6. Series 2000 - \$3,652,383 - Maricopa County Escrowed Lease
7. Series 2001 - \$3,866,653 - Maricopa County Escrowed Lease
8. Series 2002 - \$174,600 - Maricopa County Escrowed Lease
9. Series 2003 - \$444,000 - Maricopa County Escrowed Lease
10. Series 2001 - \$124,855,000 - Maricopa County Lease Revenue Bond

During the term of this contract, new issues may be added, as calculations are needed.

**1.0 ARBITRAGE COMPLIANCE PROGRAM**

Consultant will establish a program to ensure Maricopa County is in compliance with all arbitrage rebate requirements contained in Section 148 of the Internal Revenue Code of 1986 (as revised) and related Treasury Regulations. As part of this compliance program the Consultant will serve as a resource to all parties involved, explaining the requirements of the Code and Regulations and providing practical solutions to problems as they occur. The Consultant will provide constant interaction with the issuers and provide the following additional services:

- 1.1 Assist the County in understanding the computational and reporting requirements of the Code and Regulations as they currently exist and facilitate their understanding of changes as they occur.
- 1.2 Be knowledgeable of the rules regarding expiration of temporary periods and be prepared to assist issuers in monitoring yield-restricted funds, which may be invested.
- 1.3 Assist the County, on a rebate installment date, in evaluating whether full or partial payment of the rebate liability should be paid.

**2.0 COMPUTATIONAL REQUIREMENTS**

Consultant will compute the arbitrage rebate that is most advantageous to Maricopa County using computational methods that are adaptable to Maricopa County record keeping methods while maintaining compliance with the arbitrage regulations.

- 2.1 Review all applicable bond documents including the tax or arbitrage certificate, official statement, and issue price certificate, indenture resolution and other related documents.
- 2.2 Compute the arbitrage yield on the bonds in accordance with the regulations and revise such computations in the event that events occur subsequent to delivery of the bonds, which would require recomputation.

- 2.3 Identify, and separately account for, all “Gross Proceeds” (as last term is defined in the Treasury Regulations) of the bond issue, including those requiring allocation analyses due to “transferred proceeds” and/or “commingled funds” circumstances.
- 2.4 Obtain the necessary information related to investments, including, expenditure detail; or investment detail; and/or interest earnings.
- 2.5 Compute the yield on the actual earnings of the gross proceeds of the issue using the same frequency of compounding as the yield on the bonds for each individual investment as well as the portfolio as a whole.
- 2.6 Perform computations of rebatable arbitrage under both the 1992 Treasury Regulations (for bonds issued prior to June 30, 1993) and the 1993 Treasury Regulations to determine which regulations provide a lower liability amount. The 1993 Treasury Regulations may be applied, in whole, to bonds issued prior to their effective date. Consultant must be familiar with all of the various regulations to determine which regulations to apply in order to compute the lowest lawful arbitrage liability amount.
- 2.7 Perform computations of rebatable arbitrage at least once every five years and as of the date all bonds of the issue are retired.
- 2.8 Provide an executive summary and opinion identifying the methodology employed, major assumptions, conclusions, and any recommendations for changes in record keeping and investment policy. The opinion provided must state that all work performed is consistent with Federal Tax Law and other applicable law.

**3.0 INTERNAL REVENUE SERVICE REPORTING REQUIREMENTS**

Consultant will serve as the interface between the issuers and the Internal Revenue Service. Consultant must be knowledgeable of the reporting and documentation requirements associated with compliance of the arbitrage rules and perform the following duties:

- 3.1 Complete Internal Revenue Service Form 8038-T and any other necessary reports so that only a signature is required prior to filing on either an installment computation date or final installment date.
- 3.2 Provide a written report supporting the computations to the County.
- 3.3 Determine the correction amount and the penalties associated with any installment failure as required.
- 3.4 Assist in applying for permitted refunds for certain overpayments in the event an issuer overpays the amount of rebatable arbitrage for an issue.
- 3.5 Maintain complete records supporting the computations of rebatable arbitrage for a period of not less than six years after the final maturity of all bonds of an issue.
- 3.6 Assist the County, as necessary, in responding to any inquiries or audits by the Internal Revenue Service related to the computations performed by the rebate calculation agent.
- 3.7 Maintain a tickler system, which monitors critical deadlines, calculation due dates, rebate exception dates, and expiration of temporary periods.

**FIRST SOUTHWEST ASSET MANAGEMENT INC, 325 NORTH ST. PAUL SUITE 325 800, DALLAS, TX  
75201**

**NIGP CODE 9184901**

Terms: NET 30

Vendor Number: **W000004560 X**

Telephone Number: **214/953-4000**

Fax Number: **214/540-8400**

Contact Person: Rantee Travis

E-mail Address: [rtravis@firstsw.com](mailto:rtravis@firstsw.com)

Company Web Site: [www.firstsw.com](http://www.firstsw.com)

Certificates of Insurance Required

Contract Period: To cover the period ending **November 30, 2006 2009.**