

SUPPLEMENTAL AGREEMENT FOR ASSIGNED PROJECT

Consultant: OMNICAP GROUP LLC

Project Name: Arbitrage Rebate and Swap Reporting Services

The Project Narrative for Arbitrage Rebate and Swap Reporting Services (“Project ”), a copy of which is attached hereto as Exhibit “A” and incorporated herein by this reference, and Consultant’s Proposal dated August 3, 2023, a copy of which is attached hereto as Exhibit “B” and incorporated herein by this reference, shall constitute a supplement to the Master Professional Consultant Services Agreement for Financial Advisory Services Panel, by and between City and Consultant, dated June 27, 2023 (“Agreement”). Consultant agrees to perform the services described in the Project Narrative within the time set forth in the Notice to Proceed for an amount not to exceed **Two Hundred Eighty Thousand Nine Hundred Fifty Dollars and Zero Cents (\$280,950.00)**. Performance of the services shall be subject to the terms and conditions contained in the Agreement.

Dated this ____ day of _____, 2023.

CITY OF RIVERSIDE, a California
charter city and a municipal corporation

By: _____
City Manager

Attest: _____
City Clerk

Approved as to form:

By: Byron Shibata
Deputy City Attorney

Certified as to Availability of Funds:

By: Kristin
Chief Financial Officer/Treasurer

OMNICAP GROUP LLC,
a Delaware limited liability company

By: Jeffrey S. Smith
Jeffrey S. Smith (Aug 17, 2023 14:11 PDT)

Title: President

By: Eddie McRoberts
Eddie McRoberts (Aug 18, 2023 11:57 EDT)

Title: Managing Director

EXHIBIT “A”
PROJECT NARRATIVE

1. Introduction:

The Arbitrage Rebate and Swap Reporting Services project will assist the City in fulfilling its reporting obligations to relevant regulatory authorities and stakeholders. The consultant will assist the City in calculating and complying with arbitrage rebate obligations accurately and provide comprehensive and timely reporting on swap transactions.

2. Background:

When government entities issue tax-exempt bonds, they are subject to arbitrage rebate requirements imposed by the Internal Revenue Service (IRS). These regulations require entities to invest bond proceeds in qualifying investments and restrict the amount of arbitrage income they can earn. Additionally, some entities utilize interest rate swaps to manage their debt portfolios effectively. The proper reporting of these financial transactions is critical to maintain tax-exempt status and avoid potential penalties.

3. Scope of Services:

The consultant shall perform the following services for the City over a five-year period, on an as-needed basis at City’s discretion, commencing on the first day of the City’s Fiscal Year 2024 (i.e., July 1, 2023) and terminating on the final day of the City’s Fiscal Year 2028 (i.e., June 30, 2028):

A. Arbitrage Rebate Services:

- a. Prepare arbitrage rebate analysis and a summary report for each City of Riverside debt issuance on each installment date – either annually or every fifth bond year, dependent upon issuance, and each final maturity or redemption date.
- b. Complete all arbitrage reports within four weeks of each computation date. If rebate is required, provide assistance with preparing IRS payment forms. Work with City to update and maintain a schedule of all debt by IRS reporting date to ensure compliance with the reporting schedule.

The table below includes the anticipated quantity of reports due in each fiscal year based on the City’s existing debt. A buffer should be factored in since the City will continue to issue new debt over the five-year period which will require additional reports.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Annual	5	5	5	5	5
5-Year	8	5	4	4	2

B. Swap Reporting Services:

- a. Calculate and provide monthly updates on mark to market valuations for all City of Riverside Swap transactions. If monthly updates are not feasible, please indicate the frequency that the information would become available. Confirm if calculations are readily accessible to City staff via a company website as well.
- b. Prepare annual Swap report providing derivative valuation and GASB 53 compliance report. analyze each City of Riverside outstanding derivative valuation and GASB 53 compliance report. Analyze each City of Riverside outstanding derivative instrument

pursuant to the procedural guidelines and provisions of GASB 53. Calculate fair value of each derivative instrument pursuant to GASB 72.

- c. Provide the following reporting in a concise manner (with annotated assumptions) for each transaction: mark to market valuation; transaction historical payments; summary of historical basis differential analysis; details of historical basis differential analysis; evaluation of effectiveness (GASB 53); Swap floating let expected cash flows; bond interest payments expected cash flows. Deliver final report no later than July 31st for inclusion in the City's audited annual financial statements.

The City anticipates it will require Swap Reporting services for each fiscal year as indicated in the table below:

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Annual Swap Reporting	Yes	Yes	Yes	Yes	Yes

C. Ad-hoc Services:

- a. Provide financial consulting services to the City for any future swap transactions including, but not limited to: entering into new swap agreements, novation to a different counterparty or termination of existing swaps.
- b. Provide expert opinion and financial modeling as requested on various scenarios related to variable rate debt issuances.
- c. Perform analysis of refunded debt upon notification of refunding by City staff.

Staff estimates the number of hours for ad-hoc services per fiscal year as follows:

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Hours	42	42	42	42	42

EXHIBIT "B"
CONSULTANT'S PROPOSAL

AD HOC SERVICES					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
President	335	340	345	350	355
Hours	42	42	42	42	42
Total Cost	\$ 14,070.00	\$ 14,280.00	\$ 14,490.00	\$ 14,700.00	\$ 14,910.00
Arbitrage (Annual Reports)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Fee	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00
Reports	5	5	5	5	5
Total Cost	\$ 6,250.00	\$ 6,250.00	\$ 6,250.00	\$ 6,250.00	\$ 6,250.00
Arbitrage (5 Year)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Fee	\$ 3,250.00	\$ 3,250.00	\$ 3,250.00	\$ 3,250.00	\$ 3,250.00
Reports	8	5	4	4	2
	\$ 26,000.00	\$ 16,250.00	\$ 13,000.00	\$ 13,000.00	\$ 6,500.00

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Buffer	Total
Ad Hoc	\$ 14,070.00	\$ 14,280.00	\$ 14,490.00	\$ 14,700.00	\$ 14,910.00	\$ -	\$ 72,450.00
Arbitrage	\$ 32,250.00	\$ 22,500.00	\$ 19,250.00	\$ 19,250.00	\$ 12,750.00	\$ 40,000.00	\$ 146,000.00
Swap	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ -	\$ 62,500.00
	\$ 58,820.00	\$ 49,280.00	\$ 46,240.00	\$ 46,450.00	\$ 40,160.00	\$ 40,000.00	\$ 280,950.00