

Memorandum

REPORT TO: City Commission

FROM: Melissa Hodnett, Finance Director

SUBJECT: Authorize the City Manager to Sign an Amendment to the Professional Services Agreement with Baker Tilly for Municipal Advisory Services for Arbitrage Rebate Compliance

MEETING DATE: August 5, 2025

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Approve the authorization of the City Manager to sign an amendment to the professional services agreement with Baker Tilly for municipal advisory services.

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: Internal Revenue Code of 1986, as amended by the Treasury Regulations applicable to Debt requires issuers of tax-exempt bonds to ensure compliance with arbitrage rebate requirements. Arbitrage rebate compliance ensures that issuers of tax-exempt bonds don't profit unfairly from investing bond proceeds at a higher yield than the bond's interest rate. This involves calculating the amount of excess earnings from the tax-exempt bonds, if any, as well as determining compliance with yield restriction rules, which limit how much issuers can earn on invested bond proceeds.

UNRESOLVED ISSUES: None.

ALTERNATIVES: The City could elect to perform the calculations internally. Arbitrage rebate calculations can be highly technical and if done incorrectly may result in the loss of a bond's tax-exempt status.

FISCAL EFFECTS: Arbitrage compliance services are billed at standard billing rates based upon actual time and expenses incurred by Baker Tilly. The standard hourly rate for the CPA performing the calculation is \$290-\$440. The costs of these services are included in the finance operating budget.

Attachments:

[Baker Tilly Appendix_Arbitrage Compliance_Fiscal Year 2025.pdf](#)

Report compiled on: July 7, 2025