Divena Mortimeyer

From: Hageman, Thomas S. <Thomas.Hageman@KutakRock.com>
Sent: Monday, August 25, 2014 12:31 PM
To: Divena Mortimeyer
Subject: RE: Greatrock North Water and Sanitation District - Arbitrage Proposal
Attachments: Kutak Rock's rebate practice.pdf

Hi Divena,

As you requested, this is our proposal for arbitrage analysis on the Greatrock North Water and Sanitation District bonds.

It is our recommendation that (1) final rebate calculations be done on the Series 1998 bonds and Series 2002 bonds, as of their final redemption dates of 12/1/2008 and 6/27/2007, respectively, and (2) current status (e.g., 9/1/2014) rebate calculations be done on the Series 2007 and Series 2010 bonds. Our fee for the final rebate calculations on the Series 1998 and Series 2002 bonds would be $2,000 each, for a total fee of $4,000 for the pair. Our fee for the current status (e.g., 9/1/2014) rebate calculations on the Series 2007 and Series 2010 bonds would be $2,000 each, for a total fee of $4,000 for the pair.

To complete the calculations, we would need bank statements, ledgers, etc. which show the deposit, investment, expenditure and investment income earned on the proceeds of the bonds. The information would begin on the date of issue of the bonds and end on the respective calculation date (e.g., for Series 2010, the time period would be 12/1/2010 to 9/1/2014, for series 1998 , the time period would be 9/1/1998 to 12/1/2008, etc.). If retained to do calculations on the Series 1998 or Series 2002 bonds, we would also need copies of the relevant legal documents associated with those bonds (e.g., Official Statement or Offering Document, Tax Compliance Certificate, IRS Form 8038-G, etc.).

If retained, I would be your primary contact to complete this engagement. Tax attorney Larry Carlile would be available as needed to consult on any tax or arbitrage questions. Attached is a brief description of our practice that I pulled from our website www.kutakrock.com.

We hope the terms of this proposal are satisfactory. If you have any questions, please don't hesitate to contact me. Thank you for the opportunity to provide the District with this proposal.

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From: Divena Mortimeyer [mailto:dmortimeyer@sdmsi.com]
Sent: Thursday, August 21, 2014 5:07 PM
Subject: Greatrock North Water and Sanitation District - Arbitrage Proposal

Hi,

Special District Management is in the process of reviewing current bond issuances across all our districts to determine compliance with the arbitrage requirements. Would you be able to provide me a proposal for Greatrock Water and

Sanitation District? I've been asked by the District Manager of Greatrock to gather proposals for an arbitrage analysis on the District's debt. Would you be able to provide me with a proposal by August 27, 2014? We plan on bringing this to the Board as we jump into the 2015 budget discussions.

Below is what I know about the District's debt.

Limited Tax Series 1998 Bonds:

Issued:	9/1/98
Par Amount:	$1,275,000
Term:	20 years (2017)
Interest rate:	8%

Limited Tax Series 2002 Bonds:

Issued:	May 7, 2002
Par Amount:	$2,000,000
Term:	15 years (2017)
Interest rate:	8%

Subordinate to 1998 bonds

General Obligation Refunding and Improvement Bonds, Series 2007:

Issued:	June 27, 2007
Par Amount:	$4,420,000
Term:	25 years (2033)
Interest rate:	4.25% - 4.875%

Purpose: Refund 1998 bonds ($721,842) and 2002 bonds ($575,605) and to borrow additional funds of $2,724,395 for capital projects

General Obligation Refunding and Improvement Bonds, Series 2010:

Issued:	December 1, 2010
Par Amount:	$2,230,000
Term:	20 years (2030)
Interest rate:	2.25% - 5%

Purpose: Restructure 2007 issuance – partially refunded $1,295,255 of the 2007 bonds; borrowed an additional $878,940 for capital projects.

I'm attaching the tax certificates and Form 8038-G for the Series 2007 and Series 2010. Let me know if you need those documents for the older issuances and I'll see what I can dig up.

Thanks!

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