

# YOUR ARBITRAGE REBATE LIABILITY CALCULATION

Inquiry...Strategy...Solution



## Inquiry

### Which bond issues are subject to the rebate requirement?

- Generally, tax-exempt bonds issued after August 31, 1986 are subject to rebate.

### Does my bond issue qualify for an exception from the rebate requirement?

- Maybe...there are exceptions that apply to certain bond issues depending on purpose, size and how quickly the proceeds are expended.

### What are the timing requirements of rebate calculations and payments?

- Federal tax law requires that interim rebate calculations and payments, if due, be made at least once every five years, and upon redemption of the issue.
- More frequent calculations may be specified in the Indenture or Tax Certificate.
- Independent auditors may request more frequent calculations.



## Strategy

### Annual rebate calculations provide critical information to the Issuer.

- Annual rebate calculations enable advance planning for eventual rebate payments and prevent “surprise” liability situations that can result in late interest penalties and unwanted scrutiny from investors and regulators.
- Understanding your cumulative rebate liability is an important part of formulating investing strategies.
- Accurate rebate liability calculations can be instrumental in making the optimal refinancing decision in any interest rate environment.



## Solution

### Call BLX for a free preliminary consultation.

- Due to the depth of our experience, we can answer many of your questions with easily accessible information about your bond issue.

### Engage BLX to perform your calculation.

- The BLX team possesses the requisite combination of experience and technical/financial proficiency to consistently identify the lowest legally permissible arbitrage liability.
- As a wholly-owned subsidiary of Orrick, BLX professionals have unlimited access to legal expertise and thoroughly understand the legal, economic and technical aspects of debt offerings. Our expertise enables us to accommodate even the most complex circumstances and to apply beneficial analytical alternatives when available.
- A professional opinion, by BLX, and a legal opinion, by Orrick, are included in each completed arbitrage report which attest that the analysis was prepared in accordance with applicable federal tax laws, rules and regulations.

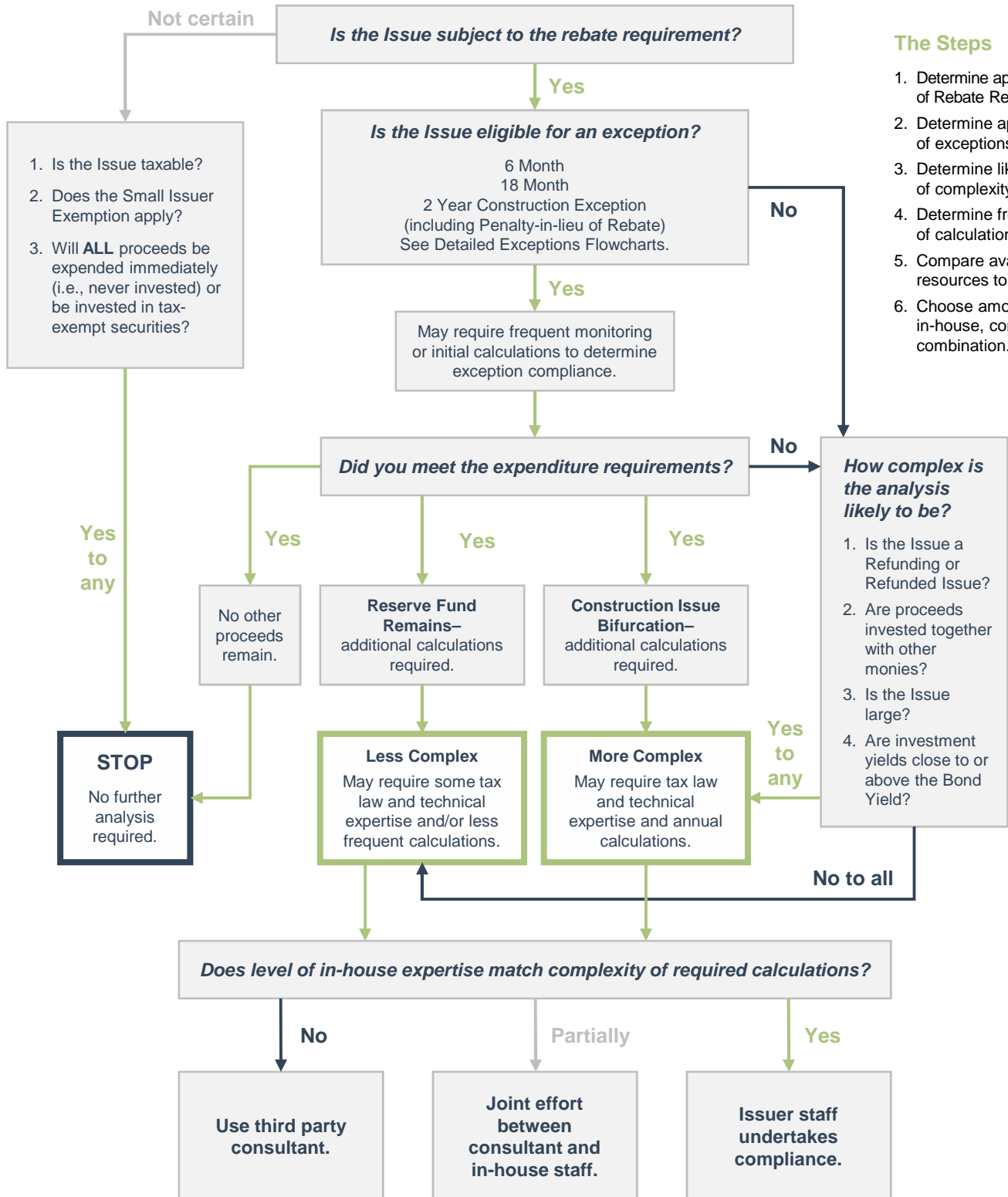
If you have any questions  
or would like more information, please call

**1-866-342-5259**

We look forward to hearing from you.



# COMPLYING WITH THE ARBITRAGE REBATE REQUIREMENT



## The Steps

1. Determine applicability of Rebate Requirement.
2. Determine applicability of exceptions.
3. Determine likely level of complexity.
4. Determine frequency of calculations.
5. Compare available resources to demands.
6. Choose among in-house, consultant or combination.