

STAR TRANSIT

P.O. Box 703 · Terrell, TX 75160
 Phone: 972.563.5875 · Fax: 972.563.1491 · www.STARtransit.org

March 6, 2018

To: Kaufman County, Hon. Judge Bruce Wood

From: Ashley Ando, Grant Director

Re: February 2018 Demand and Response Ridership Report

TRIP INFORMATION:

	Trip Origin Total
COTTONWOOD	0
COMBINE	3
CRANDALL	51
FORNEY	359
GRAYS PRARIE	38
GUN BARRELL	7
HEARTLAND	13
KAUFMAN	509
KEMP	58
MABANK	43
OAK GROVE	20
OAK RIDGE	0
ROSSER	5
SCURRY	26
TERRELL	1,501
<i>Subtotal</i>	2,633
Terrell Senior Terraces	107
Terrell State Hospital	1,948
KAUFMAN COUNTY TOTALS	
TOTAL TRIPS	4,633
NO SHOW & CANCELS	956
TOTAL UNDUPLICATED	318

MONTH	No. of SERVICE DAYS
FEBRUARY	19

Non-Service Days: February 19th

FY 2018 TOTAL DEMAND AND RESPONSE TRIPS TO DATE – 29,139
 (FY 2018-SEPTEMBER 1, 2017 -AUGUST 31, 2018)



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March 5, 2018

To: City of Kaufman

From: Ashley Ando, Grant Director

Re: February 2018 Kaufman Trolley Ridership Report

TRIP INFORMATION:

MONTH	NO. OF SERVICE DAYS	TRIPS
FEBRUARY	20	263

Non-Service Days: None

STOP UTILIZATION INFORMATION:

	STOP NUMBER(S)	STOP DESCRIPTION	TOTAL PICK UP AND DROP OFFS
1.	10 and 22	Wal-Mart, Kings Fort Pkwy	175
2.	5	Washington @ E Hickory Street	67
3.	12 and 24	Washington @ 7th	59

BELOW IS THE PICK UP AND DROP OFF SUMMARY FOR THE MONTH OF FEBRUARY:

Feb-18																	
Stop #	1-15	27	2	3	4	5	6-18	7-19	8-20	9-21	10-22	11-23	12-24	13-25	14-26	16	17
Stop Usage	16		13	3	2	67	13	5	22	20	175	39	59	43	24	18	7

FY 2018 TOTAL KAUFMAN TROLLEY TRIPS TO DATE- **2,175**
 (FY 2018-SEPTEMBER 1, 2017 - AUGUST 31, 2018)

KAUFMAN TROLLEY FEBRUARY 2017 TRIP TOTAL- 472 (44% DECREASE)



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March 5, 2018

To: City of Kaufman

From: Ashley Ando, Grant Director

Re: February 2018 The Link #802 Ridership Report

TRIP INFORMATION:

MONTH	NO. OF SERVICE DAYS	TRIPS
FEBRUARY	20	1

Non-Service Days: None

Feb-18																		
Stop #	1	1	2	2	3	3	4	4	5	5	6	6	7	7	8	8	9	9
PU/ DO	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓
PU/ DO Total	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Stop Usage	0		1		0		0		0		0		0		0		1	

FY 2018 TOTAL TERRELL HWY 80 LOOP #803 TO DATE- 6
 (FY 2018-SEPTEMBER 1, 2017 - AUGUST 31, 2018)



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March 5, 2018

To: City of Kaufman

From: Ashley Ando, Grant Director

Re: February 2018 Terrell Hwy 80 Loop #803 Ridership Report

TRIP INFORMATION:

MONTH	NO. OF SERVICE DAYS	TRIPS
FEBRUARY	20	17

Non-Service Days: None

	Feb-18																	
Stop #	1	1	2	2	3	3	4	4	5	5	6	6	7	7	8	8	9	9
PU/ DO	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓	↑	↓
PU/ DO Total	2	1	11	2	2	0	0	0	0	1	1	0	0	1	0	3	1	9
Stop Usage	3		13		2		0		1		1		1		3		10	

FY 2018 TOTAL TERRELL HWY 80 LOOP #803 TO DATE- 87
 (FY 2018-SEPTEMBER 1, 2017 - AUGUST 31, 2018)



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March 6, 2018

To: City of Kaufman

From: Ashley Ando, Grant Director

Re: February 2018 Terrell Horseshoe #804 Ridership Report

TRIP INFORMATION:

MONTH	NO. OF SERVICE DAYS	TRIPS
FEBRUARY	20	74

Non-Service Days: None

STOP UTILIZATION INFORMATION:

	STOP NUMBER(S)	STOP DESCRIPTION	TOTAL PICK UP AND DROP OFFS
1.	8	Walmart	43
2.	5	Terrell Senior Terraces	32
3.	13	Tanger Outlet Mall	13

BELOW IS THE PICK UP AND DROP OFF SUMMARY FOR THE MONTH OF FEBRUARY:

#804	Feb-18													
Stop #	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Stop Usage	7	0	1	3	32	11	12	43	2	0	5	10	13	9

FY 2018 TOTAL TERRELL HWY 80 LOOP #803 TO DATE- 220
 (FY 2018-SEPTEMBER 1, 2017 - AUGUST 31, 2018)

**YELDELL, WILSON, WOOD & REEVE, P.C****CERTIFIED PUBLIC ACCOUNTANTS**

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

To the Board of Directors
Kaufman County Rural Emergency Services District #7
Crandall, Texas

Management is responsible for the accompanying statement of cash receipts and disbursements of Kaufman County Rural Emergency Services District #7 (District) for the years ended September 30, 2017 and 2016, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in a financial statement prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the District's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Ennis, Texas
February 1, 2018

KAUFMAN COUNTY RURAL EMERGENCY SERVICES DISTRICT #7
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH RECEIPTS		
Taxes collected	\$282,916	\$190,399
Interest	2,524	1,746
TOTAL CASH RECEIPTS	<u>285,440</u>	<u>192,145</u>
CASH DISBURSEMENTS		
Accounting	595	595
Bonding insurance	120	120
Contract labor	4,800	3,600
Crandall Volunteer Fire Department	174,372	156,732
Kaufman County Appraisal District Fees	2,402	2,189
Miscellaneous	1,080	746
Supplies	730	463
TOTAL CASH DISBURSEMENTS	<u>184,099</u>	<u>164,445</u>
CHANGE IN CASH AND ANNUITIES	101,341	27,700
BEGINNING CASH AND ANNUITIES	<u>147,980</u>	<u>120,260</u>
ENDING CASH AND ANNUITIES	<u>\$249,301</u>	<u>\$147,960</u>

**FirstSouthwest
Asset Management** 
A Hilltop Holdings Company.

Rebecca Vega
Director
Arbitrage Rebate Compliance Services

February 6, 2018

Ms. Karen MacLeod
County Auditor
Kaufman County, Texas
100 N. Washington Street
Kaufman, Texas 75142-2051

Dear Ms. MacLeod:

We recently noted that our contract to perform arbitrage rebate services between Kaufman County, Texas and First Southwest Asset Management, LLC ("FSAM") will expire on April 29, 2018. Thanks to clients such as you, FSAM has gained a national reputation as a leading provider of arbitrage rebate compliance services.

FSAM has been providing comprehensive arbitrage rebate compliance services to the County since September 2002, and we value the opportunity to be of continued service to the County. We are committed to continuing to provide the County with a full range of compliance services tailored to the needs of the County.

We have enclosed two copies of the arbitrage rebate renewal contract, for your review. As you will note, we are proposing a base fee per calculation of \$1,600.00 per issue per calculation year. While we would rather not have to raise fees, it is a business motivated decision. In February of 2011, FSAM voluntarily lowered the County's rebate fees by 40%. That was done in an effort to share the reduced complexity of the investment options and strategies in the then current economic environment. We continue to believe that the County deserves to share in the benefit of the less time required to perform rebate calculations in this investment environment. However, the people costs of our business continue to increase. As a result, we have taken back a small portion of the 2011 fee decrease. Even after the current fee increase, the County's net fee reduction is 20%.

We have enclosed an executed Conflict of Interest Questionnaire (Form CIQ) for your records.

Pursuant to recent legislation known as H.B. 1295, certain Texas governmental entities and state agencies are required to obtain a completed Texas Ethics Commission Form 1295, Certificate of Interested Parties, from the vendor before entering into a contract that (1) requires an action or vote by the governing body of the entity or agency, or (2) has a value of at least \$1 million. It is

121680-1

Hilltop Securities Inc.
1201 Elm Street
Suite 3500
Dallas, Texas 75270

direct 214.953.4022
toll free 800.678.3792
fax 214.840.5040
Rebecca.Vega@HilltopSecurities.com
HilltopSecurities.com

our belief that this statute does not apply to this contract for arbitrage rebate compliance services. If the County is subject to this legislation and you are required to receive Form 1295 before entering into a contract with our firm, please let me know and one will be provided.

It is truly our privilege to partner with the County to ensure that current and future bond issues comply with the arbitrage rebate and yield restriction rules. At your convenience, please return one executed copy to us and retain the other executed copy for your records.

Should you have any questions, please do not hesitate to contact me at (800) 678-3792 or directly at (214) 953-4022.

Sincerely,

A handwritten signature in black ink that reads "Rebecca Vega". The signature is written in a cursive, flowing style.

Rebecca Vega

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.
 This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).
 By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.
 A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY
Date Received

1 Name of vendor who has a business relationship with local governmental entity.
First Southwest Asset Management, LLC

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.
Not Applicable
 Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?
 Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?
 Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.
Not Applicable

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7 First Southwest Asset Management, LLC
 By *Venerica* Signature of vendor doing business with the governmental entity
2/6/18 Date

**AGREEMENT FOR
ARBITRAGE REBATE COMPLIANCE SERVICES
BETWEEN
KAUFMAN COUNTY, TEXAS
(Hereinafter Referred to as the "Issuer")
AND
FIRST SOUTHWEST ASSET MANAGEMENT, LLC
(Hereinafter Referred to as "FSAM")**

It is understood and agreed that the Issuer, in connection with the sale and delivery of certain bonds, notes, certificates, or other tax-exempt obligations (the "*Obligations*"), will have the need to determine to what extent, if any, it will be required to rebate certain investment earnings (the amount of such rebate being referred to herein as the "*Arbitrage Amount*") from the proceeds of the Obligations to the United States of America pursuant to the provisions of Section 148(f)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"). For purposes of this Agreement, the term "*Arbitrage Amount*" includes payments made under the election to pay penalty in lieu of rebate for a qualified construction issue under Section 148(f)(4) of the Code.

We are pleased to submit the following proposal for consideration; and if the proposal is accepted by the Issuer, it shall become the agreement (the "*Agreement*") between the Issuer and FSAM effective at the date of its acceptance as provided for herein below.

1. This Agreement shall apply to all issues of tax-exempt Obligations delivered subsequent to the effective date of the rebate requirements under the Code, except for (i) issues which qualify for exceptions to the rebate requirements in accordance with Section 148 of the Code and related Treasury regulations, or (ii) issues excluded by the Issuer in writing in accordance with the further provisions hereof, (iii) new issues effected in a fashion whereby FSAM is unaware of the existence of such issue, (iv) issues in which, for reasons outside the control of FSAM, FSAM is unable to procure the necessary information required to perform such services.

Covenants of First Southwest Asset Management

2. We agree to provide our professional services in determining the Arbitrage Amount with regard to the Obligations. The Issuer will assume and pay the fee of FSAM as such fee is set out in Appendix A attached hereto. FSAM shall not be responsible for any extraordinary expenses incurred on behalf of Issuer in connection with providing such professional services, including any costs incident to litigation, mandamus action, test case or other similar legal actions.
3. We agree to perform the following duties in connection with providing arbitrage rebate compliance services:
 - a. To cooperate fully with the Issuer in reviewing the schedule of investments made by the Issuer with (i) proceeds from the Obligations, and (ii) proceeds of other funds of the Issuer which, under Treasury Regulations Section 1.148, or any successor regulations thereto, are subject to the rebate requirements of the Code;
 - b. To perform, or cause to be performed, consistent with the Code and the regulations promulgated thereunder, calculations to determine the Arbitrage Amount under Section 148(f)(2) of the Code; and
 - c. To provide a report to the Issuer specifying the Arbitrage Amount based upon the investment schedule, the calculations of bond yield and investment yield, and other information deemed relevant by FSAM. In undertaking to provide the services set forth in paragraph 2 and this paragraph 3, FSAM does not assume any responsibility for any record retention requirements which the Issuer may have under the Code or other applicable laws, it being understood that the Issuer shall remain responsible for compliance with any such record retention requirements.

Covenants of the Issuer

4. In connection with the performance of the aforesaid duties, the Issuer agrees to the following:
 - a. The fees due to FSAM in providing arbitrage rebate compliance services shall be calculated in accordance with Appendix A attached hereto. The fees will be payable upon delivery of the report prepared by FSAM for each issue of Obligations during the term of this Agreement.
 - b. The Issuer will provide FSAM all information regarding the issuance of the Obligations and the investment of the proceeds therefrom, and any other information necessary in connection with calculating the Arbitrage Amount. FSAM will rely on the information supplied by the Issuer without inquiry, it being understood that FSAM will not conduct an audit or take any other steps to verify the accuracy or authenticity of the information provided by the Issuer.
 - c. The Issuer will notify FSAM in writing of the retirement, prior to the scheduled maturity, of any Obligations included under the scope of this Agreement within 30 days of such retirement. This notification is required to provide sufficient time to comply with Treasury Regulations Section 1.148-3(g) which requires final payment of any Arbitrage Amount within 60 days of the final retirement of the Obligations. In the event the Issuer fails to notify FSAM in a timely manner as provided hereinabove, FSAM shall have no further obligation or responsibility to provide any services under this Agreement with respect to such retired Obligations.
5. In providing the services set forth in this Agreement, it is agreed that FSAM shall not incur any liability for any error of judgment made in good faith by a responsible officer or officers thereof and, except to the limited extent set forth in this paragraph, shall not incur any liability for any other errors or omissions, unless it shall be proved that such error or omission was a result of the gross negligence or willful misconduct of said officer or officers. In the event a payment is assessed by the Internal Revenue Service due to an error by FSAM, the Issuer will be responsible for paying the correct Arbitrage Amount and FSAM's liability shall not exceed the amount of any penalty or interest imposed on the Arbitrage Amount as a result of such error.

Obligations Issued Subsequent to Initial Contract

6. The services contracted for under this Agreement will automatically extend to any additional Obligations (including financing lease obligations) issued during the term of this Agreement, if such Obligations are subject to the rebate requirements under Section 148(f)(2) of the Code. In connection with the issuance of additional Obligations, the Issuer agrees to the following:
 - a. The Issuer will notify or cause the notification, in writing, to FSAM of any tax-exempt financing (including financing lease obligations) issued by the Issuer during any calendar year of this Agreement, and will provide FSAM with such information regarding such Obligations as FSAM may request in connection with its performance of the arbitrage rebate services contracted for hereunder. If such notice is not provided to FSAM with regard to a particular issue, FSAM shall have no obligation to provide any services hereunder with respect to such issue.
 - b. At the option of the Issuer, any additional Obligations to be issued subsequent to the execution of this Agreement may be excluded from the services provided for herein. In order to exclude an issue, the Issuer must notify FSAM in writing of their intent to exclude any specific Obligations from the scope of this Agreement, which exclusion shall be permanent for the full life of the Obligations; and after receipt of such notice, FSAM shall have no obligation to provide any services under this Agreement with respect to such excluded Obligations.

Effective Date of Agreement

7. This Agreement shall become effective at the date of acceptance by the Issuer as set out herein below and remain in effect thereafter for a period of five (5) years from the date of acceptance, provided, however, that this Agreement may be terminated with or without cause by the Issuer or FSAM upon thirty (30) days prior written notice to the other party. In the event of such termination, it is understood and agreed that only the amounts due to FSAM for services provided and extraordinary expenses incurred to and including the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement. In the event this Agreement is terminated prior to the completion of its stated term, all records provided to FSAM with respect to the investment of monies by the Issuer shall be returned to the Issuer as soon as practicable following written request by Issuer. In addition, the parties hereto agree that, upon termination of this Agreement, FSAM shall have no continuing obligation to the Issuer regarding any arbitrage rebate related services contemplated herein, regardless of whether such services have previously been undertaken, completed or performed.

Acceptance of Agreement

8. This Agreement is submitted in duplicate originals. When accepted by the Issuer in accordance with the terms hereof, it, together with Appendix A attached hereto, will constitute the entire Agreement between the Issuer and FSAM for the purposes and the consideration herein specified. In order for this Agreement to become effective, it must be accepted by the Issuer within sixty (60) days of the date appearing below the signature of FSAM's authorized representative hereon. After the expiration of such 60-day period, acceptance by the Issuer shall only become effective upon delivery of written acknowledgement and reaffirmation by FSAM that the terms and conditions set forth in this Agreement remain acceptable to FSAM.

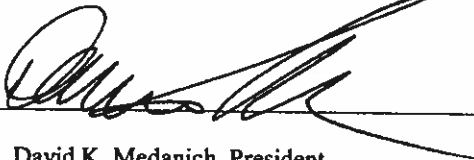
Governing Law

9. This Agreement will be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflicts of laws.

Acceptance will be indicated on both copies and the return of one executed copy to First Southwest Asset Management.

Respectfully submitted,

FIRST SOUTHWEST ASSET MANAGEMENT, LLC

By  _____
David K. Medanich, President

Date 2/6/2018

ISSUER'S ACCEPTANCE CLAUSE

The above and foregoing is hereby in all things accepted and approved by

_____, on this the _____ day of _____, _____.

By _____
Authorized Representative

Title _____

Printed Name _____

APPENDIX A - FEES

The Obligations to be covered initially under this contract include all issues of tax-exempt obligations delivered subsequent to the effective dates of the rebate requirements, under the Code, except as set forth in Section I of the Agreement.

The fee for any Obligations under this contract shall only be payable if a computation is required under Section 148(f)(2) of the Code. In the event that any of the Obligations fall within an exclusion to the computation requirement as defined by Section 148 of the Code or related regulations and no calculations were required by FSAM to make that determination, no fee will be charged for such issue. For example, certain obligations are excluded from the rebate computation requirement if the proceeds are spent within specific time periods. In the event a particular issue of Obligations fulfills the exclusion requirements of the Code or related regulations, the specified fee will be waived by FSAM if no calculations were required to make the determination.

FSAM's fee for arbitrage rebate services is based upon a fixed annual fee per issue. The annual fee is charged based upon the number of years that proceeds exist subject to rebate from the delivery date of the issue to the computation date.

FSAM's fees are payable upon delivery of the report. The first report will be made following one year from the date of delivery of the Obligations and on each computation date thereafter during the term of the Agreement. The fees for computations of the Arbitrage Amount which encompass more, or less, than one Computation Year shall be prorated to reflect the longer, or shorter, period of work performed during that period.

The fee for each of the Obligations included in this contract shall be based on the table below.

Additionally, due to significant time saving efficiencies realized when investment information is submitted in an electronic format, FSAM passes the savings to its clients by offering a 10% reduction in its fees if information is provided in a spreadsheet or electronic text file format.

Description	Annual Fee
ANNUAL FEE	\$1,600
COMPREHENSIVE ARBITRAGE COMPLIANCE SERVICES INCLUDE:	
<ul style="list-style-type: none"> • Commingled Funds Analysis & Calculations • Spending Exception Analysis & Calculations • Yield Restriction Analysis & Calculations (for yield restricted Project Funds, Reserve Funds, Escrow Funds, etc.) • Parity Reserve Fund Allocations • Transferred Proceeds Calculations • Universal Cap Calculations • Debt Service Fund Calculations (including earnings test when required) • Preparation of all Required IRS Paperwork for Making a Rebate Payment / Yield Reduction Payment • Retention of Records Provided for Arbitrage Computations • IRS Audit Assistance • Delivery of Rebate Calculations Each Year That Meets the Timing Requirements of the Audit Schedule • On-Site Meetings, as Appropriate, to Discuss Calculation Results / Subsequent Planning Items 	INCLUDED
OTHER SERVICES AVAILABLE:	
IRS Refund Request – Update calculation, prepare refund request package, and assist issuer as necessary in responding to subsequent IRS Information Requests	\$750

EXPLANATION OF TERMS:

- a. **Computation Year:** A "Computation Year" represents a one year period from the delivery date of the issue to the date that is one calendar year after the delivery date, and each subsequent one-year period thereafter. Therefore, if a calculation is required that covers more than one "computation year," the annual fee is multiplied by the number of computation years contained in the calculation being performed. If a calculation includes a portion of a computation year, i.e., if the calculation includes 1 ½ computation years, then the base fee will be multiplied by 1.5.
- b. **Electronic Data Submission:** The data should be provided electronically in MS Excel or ASCII text file (comma delimited text preferred) with the date, description, dollar amount, and an activity code (if not in debit and credit format) on the same line in the file.
- c. **Variable/Floating Rate Bond Issues:** Special services are also 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 is subject to changes subsequent to the issuance of the bonds. The computational requirements of a variable rate issue are more complex than those of a fixed rate issue and, accordingly, require significantly more time to calculate. The additional complexity is primarily related to the computation of the bond yield, which must be calculated on a "bond year" basis. Additionally, the regulations provide certain flexibility in computing the bond yield and determining the arbitrage amount over the first IRS reporting period; consequently, increased calculations are required to determine which bond yield calculation produces the lowest arbitrage amount.
- d. **Commingled Fund Allocations:** By definition, a commingled fund is one that contains either proceeds of more than one bond issue or proceeds of a bond issue and non-bond proceeds (i.e., revenues) of \$25,000 or more. The arbitrage regulations, while permitting the commingling of funds, require that the proceeds of the bond issue(s) be "carved out" for purposes of determining the arbitrage amount. Additionally, interest earnings must be allocated to the portion of the commingled fund that represents proceeds of the issue(s) in question. Permitted "safe-harbor" methods (that is, methods that are outlined in the arbitrage regulations and, accordingly, cannot be questioned by the IRS under audit), exist for allocating expenditures and interest earnings to issues in a commingled fund. FSAM uses one of the applicable safe-harbor methods when doing these calculations.
- e. **Debt Service Reserve Funds:** The authorizing documents for many revenue bond 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 cases, the balance in the Reserve Fund remains stable throughout the life of the bond issue. Reserve Funds, whether funded with bond proceeds or revenues, must be included in all rebate calculations.
- f. **Debt Service Fund Calculations:** Issuers are required under the regulations to analyze the invested balances in their debt service funds annually to determine whether the fund depletes as required during the year and is, therefore, "bona fide" (i.e., potentially exempt from rebate in that year). It is not uncommon for surplus balances to develop in the debt service fund that services an issuer's tax supported debt, particularly due to timing differences of when the funds were due to be collected versus when the funds were actually collected. FSAM performs this formal analysis of the debt service fund and, should it be determined that a surplus balance exists in the fund during a given year, allocates the surplus balance among the various issues serviced by the fund in a manner that is acceptable under IRS review.
- g. **Earnings Test for Debt Service Funds:** Certain types of bond issues require an additional level of analysis for the debt service fund, even if the fund depletes as required under the regulations and is "bona fide." For short-term, fixed rate issues, private activity issues, and variable rate issues, the regulations require that an "earnings test" be performed on a bona fide debt service fund to determine if the interest earnings reached \$100,000 during the year. In cases where the earnings reach or exceed the \$100,000 threshold, the entire fund (not just the surplus or residual portion) is subject to rebate.
- h. **Transferred Proceeds Calculations:** When a bond issue is refinanced (refunded) by another issue, special services relating to "transferred proceeds" calculations may need to be performed. Under the regulations, when proceeds of a refunding issue are used to retire principal of a prior issue, a pro-rata portion of the unspent proceeds of the prior issue becomes subject to rebate and/or yield restriction as transferred proceeds of the refunding issue. The refunding issue essentially "adopts" the unspent proceeds of the prior issue for purposes of the arbitrage calculations. These

calculations are required under the regulations to ensure that issuers continue to exercise due diligence to complete the project(s) for which the prior bonds were issued.

- i. **Universal Cap:** Current regulations provide an overall limitation on the amount of gross proceeds allocable to an issue. Simply stated, the value of investments allocated to an issue cannot exceed the value of all outstanding bonds of the issue. For example, this situation can occur if an issuer encounters significant construction delays or enters into litigation with a contractor. It may take months or even years to resolve the problems and begin or resume spending the bond proceeds; however, during this time the debt service payments are still being paid, including any scheduled principal payments. Thus, it's possible for the value of the investments purchased with bond proceeds to exceed the value of the bonds outstanding. In such cases, a "de-allocation" of proceeds may be required to comply with the limitation rules outlined in the regulations.

- j. **Yield Restriction Analysis/Yield Reduction Computations:** The IRS strongly encourages issuers to spend the proceeds of each bond issue as quickly as possible to achieve the governmental purpose for which the bonds were issued. Certain types of proceeds can qualify for a "temporary period," during which time the proceeds may be invested at a yield higher than the yield on the bonds without jeopardizing the tax-exempt status of the issue. The most common temporary period is the three-year temporary period for capital project proceeds. After the end of the temporary period, the proceeds must be yield restricted or the issuer must remit the appropriate yield reduction payment when due. FSAM performs a comprehensive yield restriction analysis when appropriate for all issues having proceeds remaining at the end of the applicable temporary period and also calculates the amount of the yield reduction payment due to the IRS.

CURRENT

SICK LEAVE POOL MEMBERS;

Tom Manning, Commissioner Pct. 4 (Need to appoint someone to replace)

Rhonda Hughey, District Clerk

Leslie Odom, ADA

Chief Carla Stone, Chief Deputy Sheriff

Angie Tijerina, Admin. Asst. to County Judge

STATE OF TEXAS

§
§
§

COUNTY OF KAUFMAN

**INTERLOCAL AGREEMENT
BETWEEN COUNTY OF KAUFMAN, TEXAS
AND CITY OF COMBINE, TEXAS**

This Agreement entered into between the County of Kaufman, a body politic of the State of Texas, hereinafter referred to as (the "County"), and the City of Combine, a Home Rule Municipal Corporation of the State of Texas hereinafter referred to as a (the "City").

WITNESSETH:

WHEREAS, the City currently has a need for road maintenance, enhancements, repairs and other projects located within its boundaries within Kaufman County and the City is not equipped to render such services; and

WHEREAS, the City and the County find that the road maintenance enhancements, repairs and other projects will provide a public benefit to the citizens of both the City and the County and that a cooperative effort by the City and the County, pursuant to the Interlocal Cooperation Act, Texas Government Code, Sec. 791.001 et. Seq. will more efficiently accomplish the purposes set forth herein.

NOW, THEREFORE, for the mutual covenants and considerations expressed herein, the County and the City hereby agree as follows:

1. The County agrees to provide the labor, equipment and materials necessary to complete the road maintenance, enhancements, repairs and other projects that may be requested by the City and accepted by the County.
2. The City agrees to provide funding for the road maintenance, enhancements, repairs and other projects as follows: Upon receipt of a written estimate from the County for specific repairs, or other work, the City will remit the agreed amount of funding to the County in the manner described below. The written estimate submitted by the County will become a part of this Agreement upon submission to and acceptance by the City.
3. Proceeding in order, no work shall commence on a road or other project until the required funds, as listed above, have been deposited by the City with the Kaufman County Treasurer's Office. Said funds shall be placed into an escrow account pending completion of repairs. Once repairs are completed and accepted by the City on a road or other project, the funds will be released from escrow to the County.
4. Repairs and other work are to be made in good and workmanlike manner and in accordance with the conditions in each specific estimate for such types of repairs and other work.

5. The term of this Agreement shall be for one year from the effective date hereof and may be renewed annually until a particular project's completion and upon the written consent of the City and the County. However, the City and County agree that each shall exercise a good faith effort to proceed in a timely fashion with its respective responsibilities under this agreement; taking into consideration time of year and prevailing weather conditions.
6. To the extent allowed by law, the County agrees and is hereby bound to hold the City whole and harmless from any act or omission of any representative, agent, customer, employee and/or invitee of Kaufman County. To the extent allowed by law, the City agrees and is bound to hold the County whole and harmless from any act or omission of any representative, agent, customer, employee and/or invitee of the City.
7. This Agreement represents the entire understanding of both the City and the County and may not be changed, altered or modified without prior written consent of the City and the County.

IN WITNESS WHEREOF, the City and the County hereto have executed this Agreement by their duly authorized agent officers and/or officials on the dates set forth below.

City of Combipe

By: 
Mayor Tim Ratcliff

Date: 2-26-18

Attest: _____
City Attorney

By: _____
Honorable Bruce Wood
Kaufman County Judge

Date: _____

By: _____
Laura Hughes, County Clerk

IN THE COMMISSIONERS COURT OF
KAUFMAN COUNTY, TEXAS
SEPARATE WRITTEN APPROVAL OF INTERLOCAL
COOPERATION CONTRACT WITH:

City of Corsicana (Other Entity)

The Commissioners' Court of Kaufman County, Texas, in compliance with §791.015 of the Texas Government Code, otherwise known as the Interlocal Cooperation Act, and before the commencement of any work to construct, improve, or repair the subject matter of an Interlocal Contract with City of Corsicana (Other Entity), hereby authorizes and approves this separate specific written approval for the proposed project described below. In this regard, the following provisions apply to such proposed Interlocal Cooperation Contract:

1. This approval is separate and distinct from the Interlocal Cooperation Contract itself.
2. The proposed project is for Kaufman County R&B Precinct # 4 to: City of Corsicana

A. Description of Project: Lowering / possible replacement of 2
Culverts located in the City of Corsicana on Harlan Rd

B. Exact Project Location: Harlan Rd.

C. Material, equipment, labor hours, etc. to be used on this project: See Attached
Estimate

D. _____

Approximate Start Date: Upon Approval Approximate Completion Date: _____

Cost of Project: \$ 8974.99*

*(to be paid into an escrow account with the County before the start date of the above described project)

It is mutually understood that no additional projects will be performed for any entities that owe outstanding project costs to Kaufman County.

Approved by Commissioners' Court:

Kaufman County Judge

Date:

Approved by: Tim Rateliff (Other Entity)

2-27-18

Date:

[Signature]
Authorized Signature for Other Entity

Copy of said agreement will be provided to the County Auditor and an accounts receivable will be recorded for said agreement. The Commissioners Office will report the date of completion to the County Auditor within seven (7) days of completion of above described project. The funds deposited in the escrow account will then be paid to the County.