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From Income to Arbitrage

Post-Issuance Debt Management Strategies

Your Co-hosts...

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Agenda

- Arbitrage
- Why Does Arbitrage Matter, Now?
- Build Your Strategy *Before* Debt Issuance
- Exorcising Ghosts of Arbitrage Past

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ARBITRAGE

Arbitrage Basics

Governmental entities enjoy the privilege of issuing debt exempt from federal income taxation

- Interest on debt is often exempt from federal & state income taxation
- Rate subsidy (implicit or explicit) provides lower cost of capital

These issuers are also tax-exempt entities

- Local government issuers don't pay federal income tax on interest earned from taxable investments

Federal government forgoes tax revenue on debt issued AND investments purchased using bond proceeds

- Distinct interest in limiting amount of tax-exempt debt – **AND** –
- Limiting uses of bond proceeds & pace of spend-down

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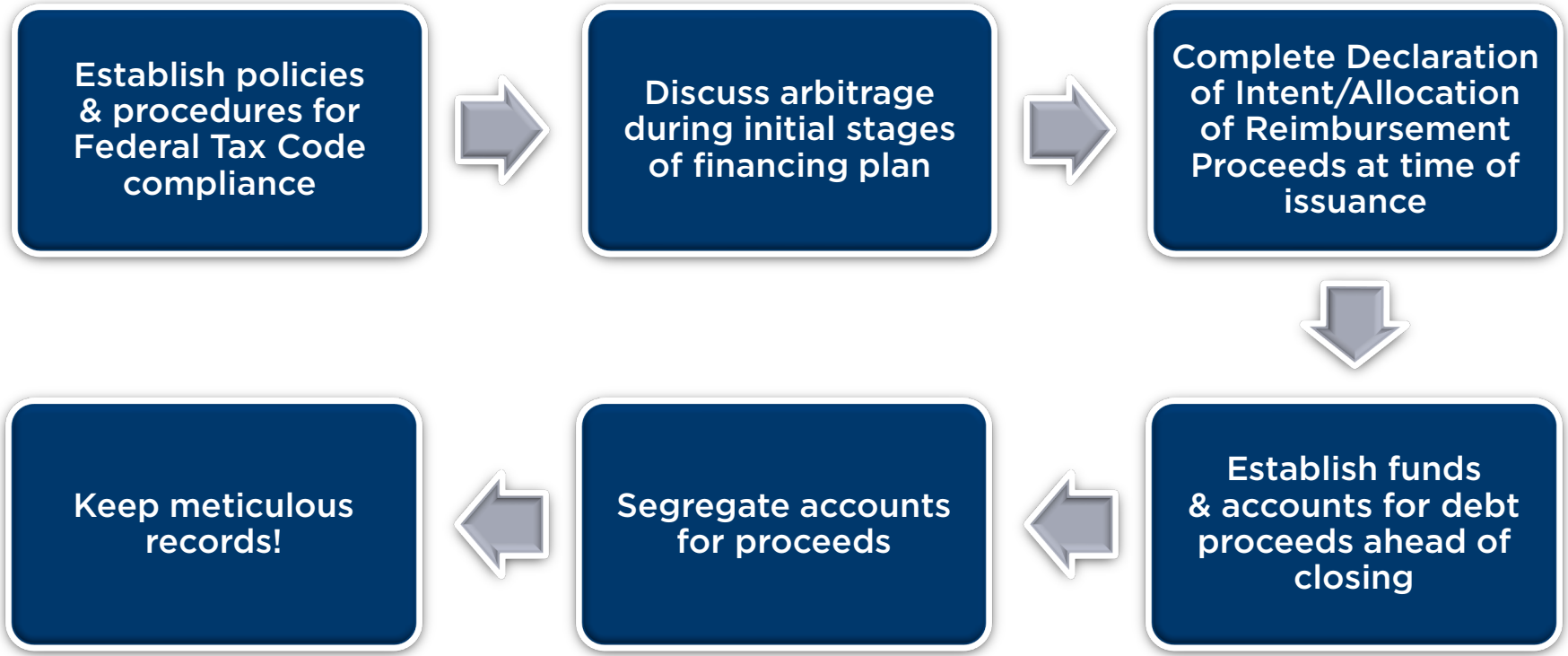
Arbitrage Compliance: Best Practices Process



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The Price of Non-Compliance

A myriad of potential consequences…

- Fines
- Bonds deemed taxable
- Bonds removed from market by issuer
- Bondholder lawsuits
- Required securities disclosures
- Credit rating risks
- Reputational risk
- Difficulty accessing capital

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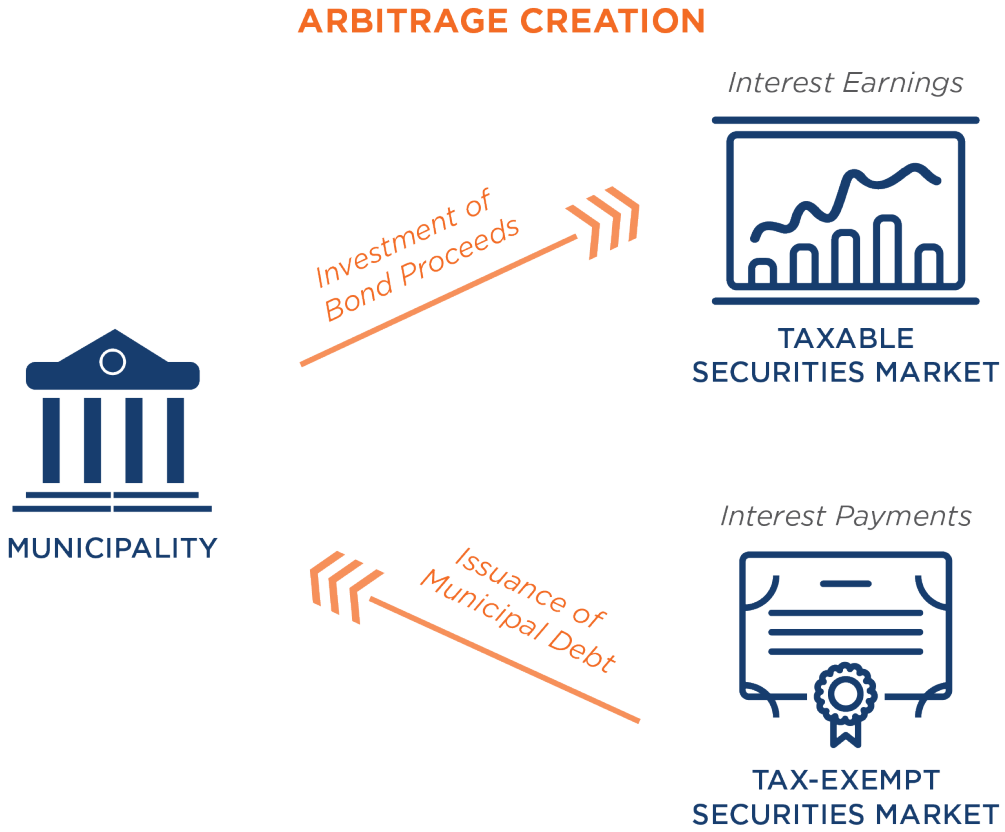
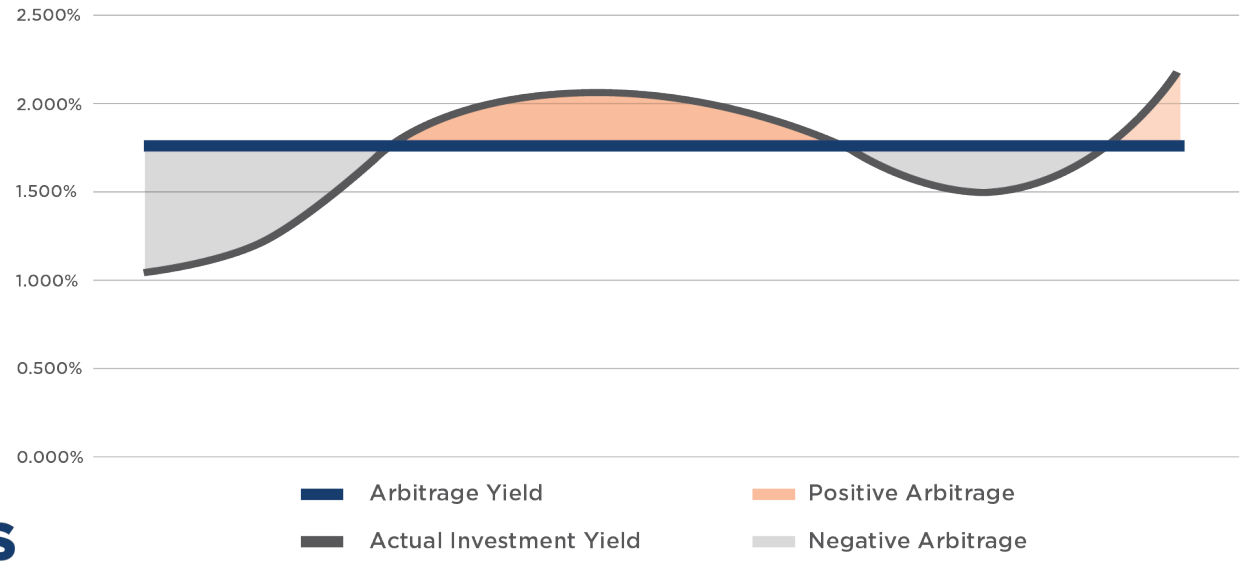
Arbitrage: How it's Created



Arbitrage: What it Looks Like…

ARBITRAGE MONITORING

It's ALWAYS been a "thing."



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Arbitrage Yield Restriction

- Prohibits “abuse” associated with investing proceeds of tax-exempt debt in higher yielding taxable securities
- IRS limitations related to:
  - ✓ Issuing earlier than necessary
  - ✓ Issuing more than necessary
  - ✓ Keeping proceeds invested longer than necessary
- Must reasonably establish each tax-exempt issue complies with requirements

Gross Proceeds

+ Bond Sale Proceeds
+ Investment Proceeds
+ Transferred Proceeds
+ Replacement Proceeds

Gross Proceeds

Temporary Periods

Expenditure Test

- 85% of sale proceeds must be allocated to expenditures within three years

Time Test

- Must expend at least 5% of sales proceeds within six months of date of issue

Due Diligence Test

- Project completion & sale proceeds allocation to expenditures must proceed with “due diligence”

Small Issuer Exceptions to Rebate

Applies to issuers that reasonably expect to issue no more than $5MM in tax-exempt debt during a calendar year

($15MM for public school construction projects)

Current refundings generally excluded from $5 million limit.

Spending Exceptions to Rebate

6-Month Exception

- Must spend 100% of gross proceeds within 6 months of issuance date

18-Month Exception

- Must spend at least 15% within 6 months of issuance date
- 60% within 12 months…
- 100% within 18 months

Basic Principles: Exceptions to Rebate

24-Month Exception

Must reasonably expect at least 75% of "construction proceeds" will be used for construction expenditures

- Must spend at least 10% of construction proceeds within 6 months of issuance date
- 45% within 12 months…
- 75% within 18 months…
- 100% spent within 24 months

NEW TERM!

Issue Price

\+ Earnings

– Deposit to Reserve Fund

– Proceeds Used to Finance Issue Costs

Construction Proceeds

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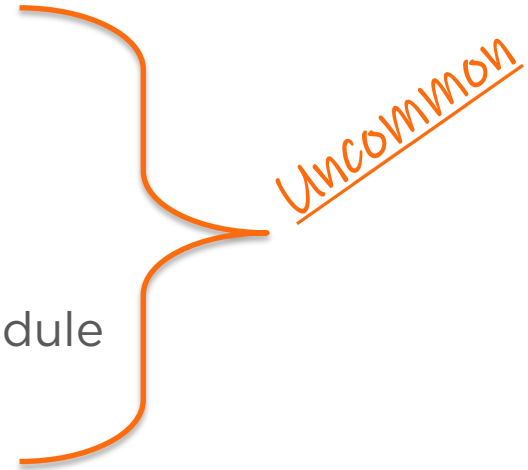
Basic Principles: Exceptions to Rebate

- Establishing reasonable expectations at time of issuance
- Bifurcating & applying different exceptions to respective purposes (streets, water, sewer, TIF, etc.)
- Paying penalty in lieu of rebate
  - ✓ 1.5% penalty at time of issuance
  - ✓ Can be difficult to calculate in advance
  - ✓ Risk of any deviation from construction schedule



Basic Principles: Spending Gross Proceeds

Basic Principles: Maintaining "Bona Fide" Status

Funds & accounts related to a bond issue…

Debt Service

- Should be depleted each bond year to maintain arbitrage & yield restriction exemptions
- Reasonable "carry-over" amount permitted (1/12th of annual)

Reserve

- Earnings should be regularly transferred to debt service fund to maintain compliance with traditional "three-pronged" test

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Basic Principles: Maintaining "Bona Fide" Status

Common pitfalls for Wisconsin issuers…

Net Premium Deposits

- Don't transfer premium deposits into common debt service fund
- Do transfer in proceeds funds

Debt Service Reserves:

- Utility reserves often commingled, investment earnings not withdrawn
- Segregate reserves into per issue investment account or withdraw earnings each year

Bond-funded Capital Projects

- Close out funds & allocate unspent proceeds in a timely fashion

Basic Principles: Monitoring & Reporting

- Rebate/yield restriction payments (IRS Form 8038-T)
  - ✓ Sent to IRS no later than 60 days after soonest of:
    - ➢ After gross proceeds are spent
    - ➢ Each five-year anniversary date of issue; or
    - ➢ Date in which bonds are no longer outstanding
- IRS compliance checks
  - ✓ Questionnaires
  - ✓ Audits & investigations

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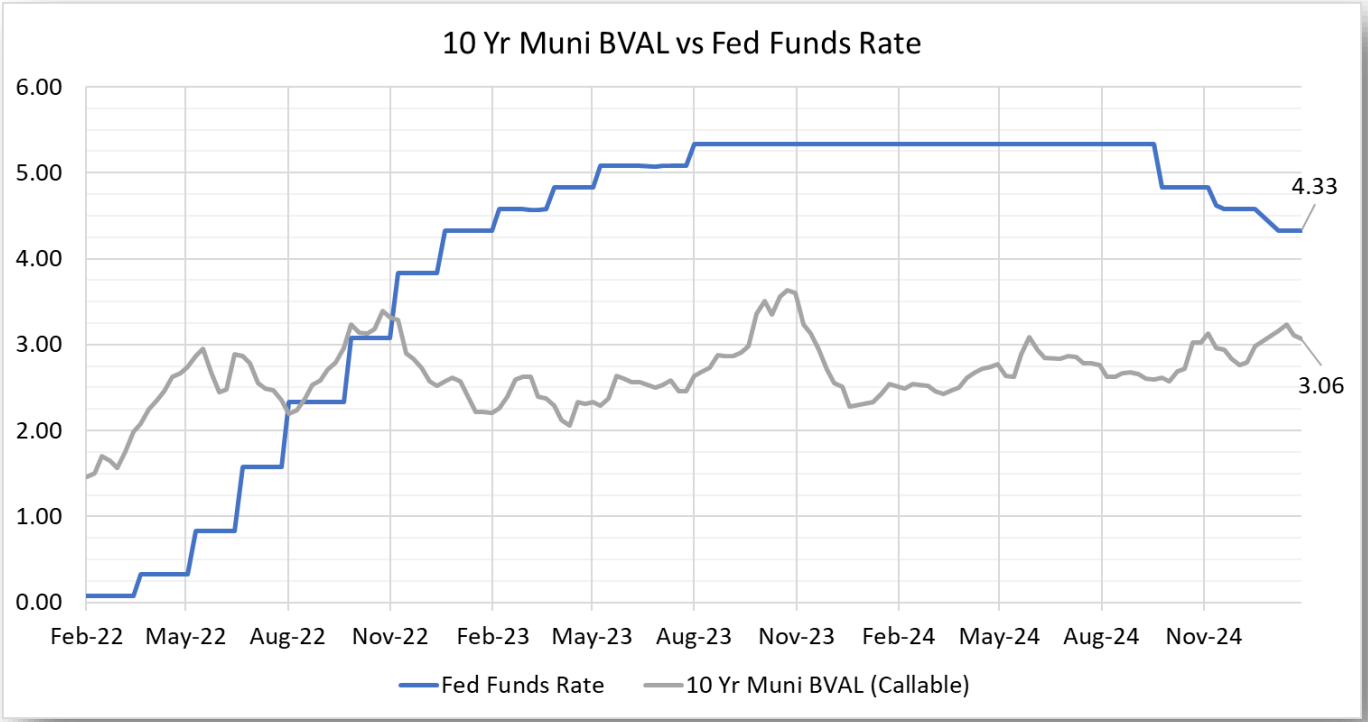
Arbitrage Compliance: Why Now...

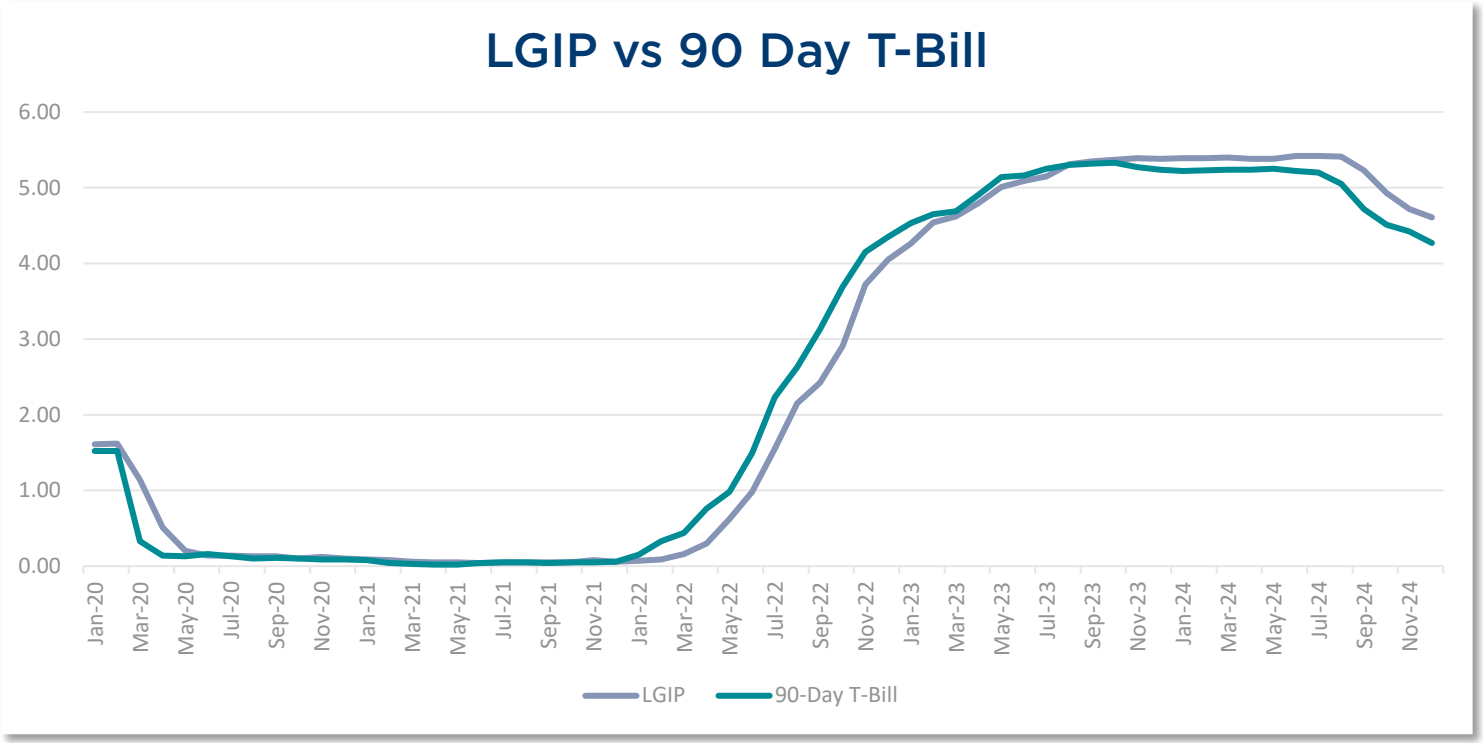
Yield environment for borrowing & reinvestment

Earnings on ALL funds & accounts have increased due to higher short-term yields (debt service, reserve, etc.)

Yield Environment: Fed Funds & 10-year UST



Yield Environment: Liquid Rates



INVESTMENT & ARBITRAGE STRATEGY

When To Build Your Plan

Think about it here...

1 PLANNING & STRUCTURING

- Select type of obligation
- Structure and repayment options
- Determine best method of sale

2 DEBT ISSUANCE

- Select other public finance professionals
- Market the issue
- Conduct bond sale
- Coordinate closing

3 DEBT MAINTENANCE

- Assemble permanent bond record book
- Monitor refunding opportunities
- Debt management

4 POST ISSUANCE

- Paying agent services
- Continuing disclosure reporting
- Arbitrage rebate monitoring
- Investment services
- Debt studies/debt service benchmarking
- Calls & defeasances

...Don't wait 'til here!

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Project Schedules

Project Schedule- Example

Projects	Total Project Cost	Funds Already Spent	1/1/2025	2/1/2025	3/1/2025	4/1/2025	5/1/2025	6/1/2025	Total Spent
Historic Restorations	**35,000**	10,000	0	0	25,000	0	0	0	*35,000*
Tools	**95,000**	0	0	50,000	0	0	45,000	0	*95,000*
Access Improvements	**300,000**	0	50,000	50,000	50,000	50,000	50,000	50,000	*300,000*
Curb and Inlet Repairs	**20,000**	0	0	20,000	0	0	0	0	*20,000*
Rennovations	**600,000**	0	100,000	100,000	100,000	100,000	100,000	100,000	*600,000*
Equipment	**300,000**	50,000	0	0	0	150,000	100,000	0	*300,000*
Totals	**1,350,000**	**60,000**	**150,000**	**220,000**	**175,000**	**300,000**	**295,000**	**150,000**	**1,350,000**

Total Cost, By Project

Total Monthly Costs

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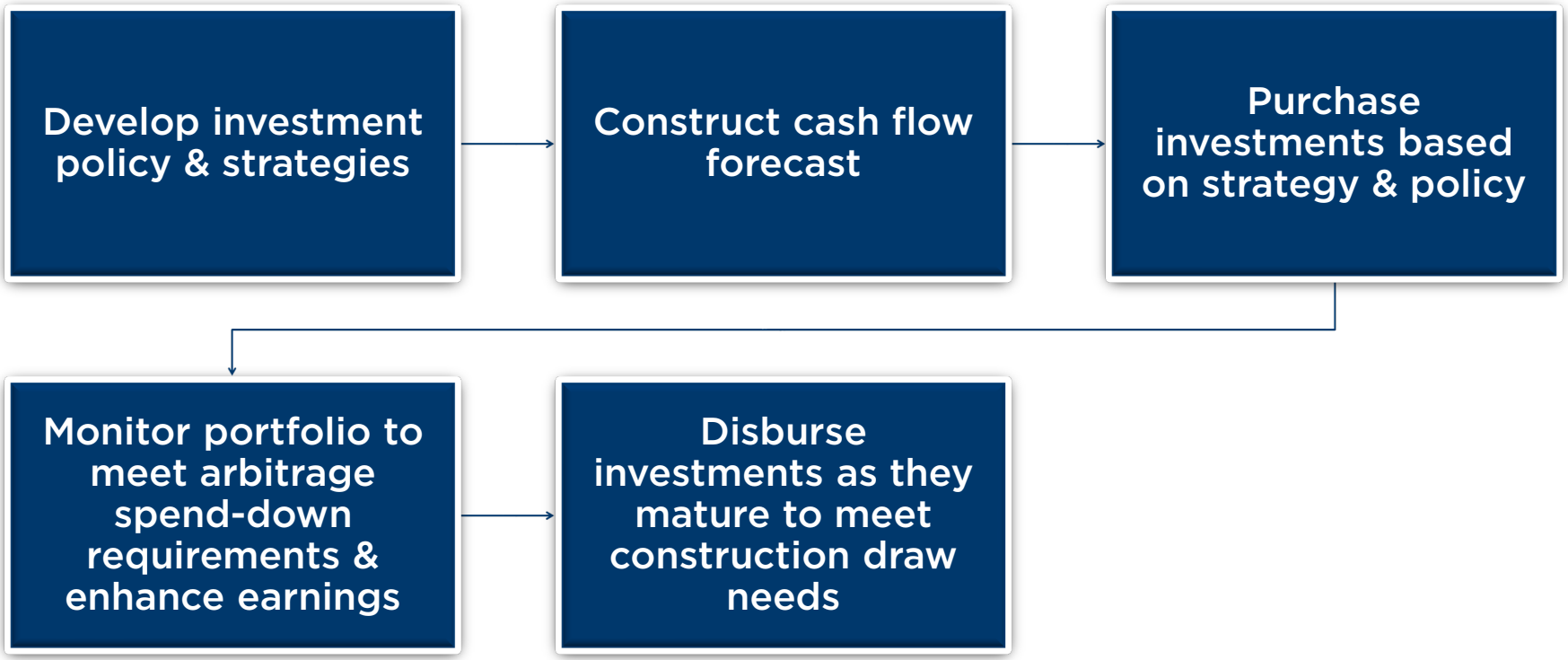
Investing Bond Proceeds: The Process



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Investing Bond Proceeds: The Objectives

Safety :	Liquidity:	Yield:
• Minimize investment risk	• Access funds for project costs	• Seek to maximize investment earnings

Plan ahead! Be aware of arbitrage requirements & establish/adjust spend down or investment strategy accordingly.

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Planning for Interest Earnings

Fixed Rates

- Allows you to plan for predictable income to use towards additional projects, or
- Allows you to reduce overall borrowing amount, and include interest income in project plan

Variable Rates

- Rates adjust based upon market conditions, may increase or decrease during your project timeline
- Provides liquidity for projects with short timelines or uncertain schedules

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Arbitrage Spending Rebate Exceptions

- Spend proceeds ***and*** interest earnings quickly, seek to meet exceptions
  - ✓ Fees & expenses may qualify
- Reduce borrowing, if possible

Case Study #1

- Fixed Rate Investments
- Identifies significant income, elects to reduce borrowing
- Meets spend-down exceptions

Portfolio Estimated Interest Report - Project Construction Fund

Investment Proceeds Detail			Yield and Fee Detail			Proceeds Detail	
$1,897,426.20	Estimated Income		3.769%	Arbitrage Yield		$53,475,000.00	Beginning Proceeds
- 107,041.37	Estimated Fees	+	0.250%	Investment Fee		$1,790,384.83	Ending Balance
- 1,606,950.67	Allowable Income	+	0.000%	Yield Adjustment	-	183,434.15	Estimated Rebate
= $183,434.15	Estimated Rebate	=	4.019%	Allowable Yield	=	$1,606,950.67	Available Proceeds

Month	Projected Cash Flows - Draw Schedule as of 01/08/2025				Portfolio Yields and Fees		Arbitrage Detail		Month Count
	Balance	Spend	Income	%Spent	Yield	Fee	18-month Spending Exception % Spent	24-month Spending Exception % Spent	
04/05/2025	$51,411,697.37	$2,250,000.00	$197,833.27	4.084%	4.450%	$11,135.90			1
05/05/2025	49,335,251.14	2,250,000.00	183,906.39	8.166%	4.450%	10,352.62			2
06/05/2025	47,257,182.18	2,250,000.00	182,188.95	12.248%	4.450%	10,257.91			3
07/05/2025	45,166,394.95	2,250,000.00	168,712.66	16.328%	4.450%	9,499.89			4
08/05/2025	41,320,335.45	4,000,000.00	163,127.96	23.568%	4.450%	9,187.46			5
09/05/2025	37,460,558.45	4,000,000.00	148,593.50	30.807%	4.450%	8,370.50	15%	10%	6
10/05/2025	33,582,936.75	4,000,000.00	129,684.84	38.044%	4.450%	7,306.55			7
11/05/2025	29,695,563.55	4,000,000.00	119,353.48	45.280%	4.450%	6,726.68			8
12/05/2025	25,791,140.57	4,000,000.00	101,287.03	52.514%	4.450%	5,710.01			9
01/05/2026	21,875,977.49	4,000,000.00	89,907.89	59.747%	4.450%	5,070.97			10
02/05/2026	15,943,284.55	6,000,000.00	71,333.24	70.590%	4.450%	4,026.18			11
03/05/2026	14,442,135.28	1,550,000.00	51,774.96	73.395%	4.450%	2,924.24	60%	45%	12
04/05/2026	12,940,864.72	1,550,000.00	51,648.77	76.199%	4.450%	2,919.32			13
05/05/2026	11,432,840.74	1,550,000.00	44,492.46	79.003%	4.450%	2,516.45			14
06/05/2026	9,920,837.06	1,550,000.00	40,276.49	81.807%	4.450%	2,280.16			15
07/05/2026	8,402,389.15	1,550,000.00	33,447.75	84.609%	4.450%	1,895.66			16
08/05/2026	6,879,577.09	1,550,000.00	28,824.26	87.411%	4.450%	1,636.32			17
09/05/2026	5,351,333.86	1,550,000.00	23,069.48	90.213%	4.450%	1,312.71	100%	75%	18
10/05/2026	3,817,114.26	1,550,000.00	16,736.35	93.014%	4.450%	955.95			19
11/05/2026	3,279,731.99	550,000.00	13,385.80	94.009%	4.450%	768.07			20
12/05/2026	2,740,087.96	550,000.00	10,988.75	95.003%	4.450%	632.79			21
01/05/2027	2,599,577.62	150,000.00	10,071.47	95.275%	4.450%	581.81			22
02/05/2027	2,458,566.03	150,000.00	9,540.48	95.547%	4.450%	552.06			23
03/05/2027	1,790,384.83	675,000.00	7,239.96	96.767%	4.450%	421.17		100%	24

Portfolio Estimated Interest Report - Project Construction Fund

Investment Proceeds Detail			Yield and Fee Detail			Proceeds Detail	
$1,759,766.00	Estimated Income		3.769%	Arbitrage Yield		$52,000,000.00	Beginning Proceeds
- 99,047.38	Estimated Fees	+	0.250%	Investment Fee		($281.39)	Ending Balance
- 1,490,364.76	Allowable Income	+	0.000%	Yield Adjustment	-	170,353.85	Estimated Rebate
= $170,353.85	Estimated Rebate	=	4.019%	Allowable Yield	=	($170,635.24)	Available Proceeds

	Projected Cash Flows - Draw Schedule as of 01/08/2025				Portfolio Yields and Fees		Arbitrage Detail		
Month	Balance	Spend	Income	%Spent	Yield	Fee	18-month Spending Exception % Spent	24-month Spending Exception % Spent	Month Count
04/05/2025	$49,931,437.69	$2,250,000.00	$192,259.17	4.205%	4.450%	$10,821.49			1
05/05/2025	47,849,884.50	2,250,000.00	178,492.85	8.409%	4.450%	10,046.03			2
06/05/2025	45,766,521.46	2,250,000.00	176,575.68	12.613%	4.450%	9,938.73			3
07/05/2025	43,670,593.80	2,250,000.00	163,261.09	16.816%	4.450%	9,188.74			4
08/05/2025	39,819,205.42	4,000,000.00	157,475.26	24.273%	4.450%	8,863.64			5
09/05/2025	35,954,081.67	4,000,000.00	142,920.67	31.728%	4.450%	8,044.42	15%	10%	6
10/05/2025	32,071,268.20	4,000,000.00	124,175.44	39.182%	4.450%	6,988.91			7
11/05/2025	28,178,512.64	4,000,000.00	113,640.83	46.634%	4.450%	6,396.38			8
12/05/2025	24,268,863.17	4,000,000.00	95,738.95	54.084%	4.450%	5,388.43			9
01/05/2026	20,348,281.57	4,000,000.00	84,155.15	61.534%	4.450%	4,736.75			10
02/05/2026	14,410,151.48	6,000,000.00	65,560.03	72.701%	4.450%	3,690.11			11
03/05/2026	12,904,074.14	1,550,000.00	46,541.83	75.589%	4.450%	2,619.17	60%	45%	12
04/05/2026	11,397,330.57	1,550,000.00	45,836.38	78.477%	4.450%	2,579.94			13
05/05/2026	9,883,991.68	1,550,000.00	38,847.54	81.365%	4.450%	2,186.44			14
06/05/2026	8,366,477.46	1,550,000.00	34,423.34	84.252%	4.450%	1,937.55			15
07/05/2026	6,842,678.11	1,550,000.00	27,763.23	87.138%	4.450%	1,562.58			16
08/05/2026	5,314,317.53	1,550,000.00	22,930.06	90.023%	4.450%	1,290.64			17
09/05/2026	3,780,506.29	1,550,000.00	17,154.31	92.908%	4.450%	965.55	100%	75%	18
10/05/2026	2,240,879.27	1,550,000.00	10,991.61	95.793%	4.450%	618.64			19
11/05/2026	1,697,890.26	550,000.00	7,429.16	96.816%	4.450%	418.16			20
12/05/2026	1,152,801.12	550,000.00	5,203.73	97.840%	4.450%	292.88			21
01/05/2027	1,006,644.93	150,000.00	4,073.06	98.119%	4.450%	229.26			22
02/05/2027	673,635.82	336,000.00	3,169.28	98.745%	4.450%	178.39			23
03/05/2027	(281.39)	675,000.00	1,147.36	100.001%	4.450%	64.57		100%	24

Case Study #2

- Fixed rate investments
- Identifies significant income, elects to use towards additional project expenses
- Meets spend-down exceptions

Portfolio Estimated Interest Report - Project Construction Fund

Investment Proceeds Detail			Yield and Fee Detail			Proceeds Detail	
$701,789.42	Estimated Income		3.769%	Arbitrage Yield		$23,400,000.00	Beginning Proceeds
- 39,499.84	Estimated Fees	+	0.250%	Investment Fee		($12,710.42)	Ending Balance
- 594,353.01	Allowable Income	+	0.000%	Yield Adjustment	-	67,936.57	Estimated Rebate
= $67,936.57	Estimated Rebate	=	4.019%	Allowable Yield	=	($80,646.99)	Available Proceeds

Month	Projected Cash Flows - Draw Schedule as of 01/08/2025				Portfolio Yields and Fees		Arbitrage Detail		Month Count
	Balance	Spend	Income	%Spent	Yield	Fee	18-month Spending Exception % Spent	24-month Spending Exception % Spent	
04/05/2025	$22,231,223.46	$1,250,000.00	$86,067.87	5.206%	4.450%	$4,844.41			1
05/05/2025	21,055,793.53	1,250,000.00	79,017.37	10.411%	4.450%	4,447.30			2
06/05/2025	19,878,656.74	1,250,000.00	77,208.99	15.616%	4.450%	4,345.78			3
07/05/2025	18,695,107.34	1,250,000.00	70,413.66	20.818%	4.450%	3,963.06			4
08/05/2025	16,758,214.16	2,000,000.00	66,870.70	29.132%	4.450%	3,763.88			5
09/05/2025	14,814,413.35	2,000,000.00	59,551.08	37.444%	4.450%	3,351.89	15%	10%	6
10/05/2025	12,862,091.37	2,000,000.00	50,521.49	45.754%	4.450%	2,843.48			7
11/05/2025	10,904,395.65	2,000,000.00	44,827.44	54.063%	4.450%	2,523.15			8
12/05/2025	8,938,578.93	2,000,000.00	36,221.94	62.369%	4.450%	2,038.66			9
01/05/2026	6,966,890.62	2,000,000.00	30,000.29	70.674%	4.450%	1,688.59			10
02/05/2026	3,986,387.42	3,000,000.00	20,659.65	83.126%	4.450%	1,162.85			11
03/05/2026	3,448,342.85	550,000.00	12,668.34	85.411%	4.450%	712.92	60%	45%	12
04/05/2026	2,909,660.07	550,000.00	11,992.22	87.696%	4.450%	674.99			13
05/05/2026	2,368,753.14	550,000.00	9,635.37	89.980%	4.450%	542.30			14
06/05/2026	1,826,220.18	550,000.00	7,912.40	92.264%	4.450%	445.36			15
07/05/2026	1,682,264.21	150,000.00	6,404.49	92.888%	4.450%	360.46			16
08/05/2026	1,537,996.26	150,000.00	6,073.93	93.512%	4.450%	341.88			17
09/05/2026	1,393,213.81	150,000.00	5,528.74	94.136%	4.450%	311.19	100%	75%	18
10/05/2026	1,247,763.39	150,000.00	4,820.92	94.759%	4.450%	271.33			19
11/05/2026	1,101,945.87	150,000.00	4,431.93	95.382%	4.450%	249.46			20
12/05/2026	955,490.19	150,000.00	3,755.70	96.006%	4.450%	211.38			21
01/05/2027	808,630.32	150,000.00	3,327.42	96.629%	4.450%	187.29			22
02/05/2027	661,246.70	150,000.00	2,772.43	97.252%	4.450%	156.05			23
03/05/2027	(12,710.42)	675,000.00	1,105.07	100.053%	4.450%	62.18		100%	24

Case Study #3

- Fixed rate investments
- Not likely to meet spend-down exceptions
  - ✓ Plan for possible rebate payment, or
  - ✓ Seek to mitigate through tax-exempt investments

Portfolio Estimated Interest Report - Project Construction Fund

Investment Proceeds Detail			Yield and Fee Detail			Proceeds Detail	
$1,535,537.80	Estimated Income		3.685%	Arbitrage Yield		$34,300,000.00	Beginning Proceeds
- 41,671.74	Estimated Fees	+	0.120%	Investment Fee		$1,591,898.06	Ending Balance
- 1,215,788.86	Allowable Income	+	0.000%	Yield Adjustment	-	278,077.20	Estimated Rebate
= $278,077.20	Estimated Rebate	=	3.805%	Allowable Yield	=	$1,313,820.86	Available Proceeds

Month	Projected Cash Flows - Draw Schedule as of 03/01/2025				Portfolio Yields and Fees		Arbitrage Detail		Month Count
	Balance	Spend	Income	%Spent	Yield	Fee	18-month Spending Exception % Spent	24-month Spending Exception % Spent	
3/1/2025	$33,400,985.00	$899,015.00	$0.00	2.509%	4.430%	$0.00			1
4/1/2025	32,622,577.99	899,015.00	123,972.48	5.027%	4.430%	3,364.49			2
5/1/2025	31,837,523.58	899,015.00	117,139.45	7.544%	4.430%	3,178.85			3
6/1/2025	31,053,394.04	899,015.00	118,090.31	10.062%	4.430%	3,204.85			4
7/1/2025	30,175,960.91	985,682.00	111,268.41	12.821%	4.430%	3,019.53			5
8/1/2025	30,199,584.43	86,667.00	113,367.19	13.072%	4.430%	3,076.67	15%	10%	6
9/1/2025	27,539,535.88	2,765,523.00	108,416.77	20.797%	4.430%	2,942.32			7
10/1/2025	26,302,021.69	1,332,702.00	97,843.01	24.523%	4.430%	2,655.20			8
11/1/2025	25,063,150.59	1,332,702.00	96,448.41	28.250%	4.430%	2,617.51			9
12/1/2025	23,816,864.77	1,332,702.00	88,826.70	31.975%	4.430%	2,410.52			10
1/1/2026	22,568,897.57	1,332,702.00	87,098.57	35.701%	4.430%	2,363.77			11
2/1/2026	20,811,992.24	1,836,151.00	81,456.32	40.831%	4.430%	2,210.64	60%	45%	12
3/1/2026	19,041,610.38	1,836,151.00	67,603.50	45.960%	4.430%	1,834.36			13
4/1/2026	17,019,609.91	2,087,875.00	67,712.17	51.791%	4.430%	1,837.64			14
5/1/2026	14,483,981.88	2,591,324.00	57,249.57	59.027%	4.430%	1,553.60			15
6/1/2026	11,940,929.37	2,591,324.00	49,618.07	66.262%	4.430%	1,346.58			16
7/1/2026	9,387,312.09	2,591,324.00	38,758.52	73.496%	4.430%	1,051.80			17
8/1/2026	6,825,604.90	2,591,324.00	30,443.00	80.729%	4.430%	826.19	100%	75%	18
9/1/2026	5,011,076.46	1,836,151.00	22,225.74	85.855%	4.430%	603.18			19
10/1/2026	3,441,591.13	1,584,429.00	15,360.52	90.277%	4.430%	416.84			20
11/1/2026	3,283,641.40	170,235.00	12,627.97	90.753%	4.430%	342.71			21
12/1/2026	2,916,367.54	378,235.00	11,266.90	91.809%	4.430%	305.75			22
1/1/2027	2,496,019.58	430,235.00	10,162.84	93.011%	4.430%	275.81			23
2/1/2027	2,074,133.06	430,235.00	8,581.38	94.212%	4.430%	232.89		100%	24
3/1/2027	0.00	482,235.00	0.00	94.212%	0.000%	0.00			25

Case Study #4

- Fixed rate investments
- Initial plan would meet spend-down exceptions, but
- Project delays cause potential rebate due
  - ✓ Plan for possible rebate payment, and
  - ✓ Seek to mitigate accumulation of additional rebate through tax-exempt investments

Portfolio Estimated Interest Report - Project Construction Fund

Investment Proceeds Detail		Yield and Fee Detail			Proceeds Detail		
$170,090.90	Estimated Income	3.769%		Arbitrage Yield	$3,485,000.00		Beginning Proceeds
- 9,571.75	Estimated Fees	+ 0.250%		Investment Fee	$160,519.83		Ending Balance
- 144,051.82	Allowable Income	+ 0.000%		Yield Adjustment	- 16,467.34		Estimated Rebate
= $16,467.34	Estimated Rebate	= 4.019%		Allowable Yield	= $144,052.49		Available Proceeds

Month	Projected Cash Flows - Draw Schedule as of 01/08/2025				Portfolio Yields and Fees		Arbitrage Detail		Month Count
	Balance	Spend	Income	%Spent	Yield	Fee	18-month Spending Exception % Spent	24-month Spending Exception % Spent	
04/05/2025	$3,497,428.70	$0.00	$13,169.99	0.020%	4.450%	$741.29			1
05/05/2025	3,509,499.46	0.00	12,790.65	0.040%	4.450%	719.89			2
06/05/2025	3,522,015.54	0.00	13,262.57	0.060%	4.450%	746.50			3
07/05/2025	3,459,041.73	75,000.00	12,743.42	2.132%	4.450%	717.23			4
08/05/2025	3,396,244.12	75,000.00	12,930.18	4.204%	4.450%	727.79			5
09/05/2025	3,308,177.98	100,000.00	12,645.62	6.959%	4.450%	711.77	15%	10%	6
10/05/2025	3,063,153.80	256,000.00	11,630.41	13.981%	4.450%	654.59			7
11/05/2025	2,817,621.56	256,000.00	11,092.09	21.002%	4.450%	624.33			8
12/05/2025	2,570,904.32	256,000.00	9,836.37	28.021%	4.450%	553.62			9
01/05/2026	2,323,616.55	256,000.00	9,231.86	35.039%	4.450%	519.62			10
02/05/2026	2,075,446.88	256,000.00	8,297.34	42.056%	4.450%	467.02			11
03/05/2026	1,825,720.16	256,000.00	6,647.36	49.070%	4.450%	374.08	60%	45%	12
04/05/2026	1,675,953.15	156,000.00	6,604.72	53.348%	4.450%	371.73			13
05/05/2026	1,525,468.25	156,000.00	5,843.97	57.625%	4.450%	328.87			14
06/05/2026	1,374,630.48	156,000.00	5,470.06	61.902%	4.450%	307.82			15
07/05/2026	1,110,412.20	268,499.33	4,536.27	69.255%	4.450%	255.22			16
08/05/2026	936,973.34	177,083.33	3,861.70	74.105%	4.450%	217.23			17
09/05/2026	762,915.97	177,083.33	3,206.27	78.955%	4.450%	180.30	100%	75%	18
10/05/2026	588,160.33	177,083.33	2,466.29	83.804%	4.450%	138.60			19
11/05/2026	412,859.08	177,083.33	1,888.08	88.652%	4.450%	106.01			20
12/05/2026	236,895.38	177,083.33	1,186.08	93.498%	4.450%	66.45			21
01/05/2027	160,519.83	77,083.33	749.59	95.608%	4.450%	41.81			22

What About...

PREVIOUS DEBT ISSUES

Your Responsibilities

- Remaining funds
  - ✓ Debt Service or DD SLGS
  - ✓ Rebate Payments
- 8038-T five-year period
  - ✓ 2020 average arb yield **(1.499%!!!)** versus
  - ✓ Average Wisconsin LGIP rates
    - ➢ 2020 (0.50%), 2021 (0.06%), 2022 **(1.59%),** 2023 **(5.02%),** 2024 **(5.22%)**
  - ✓ Report filing and rebate payments

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Optimize & Retain Earnings

- Plan to use income: Spend all proceeds
- Know key dates to meet or exceed exceptions
- Seek to mitigate rebate as possible: Retain earnings
- File timely reports & plan for rebate payments

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Debt Proceeds Management: Resources

GFOA Debt Management Best Practices
https://www.gfoa.org/best-practices/debt-best-practices

Post Issuance Compliance Policies IRS Form 8038-G
Form: https://www.irs.gov/pub/irs-pdf/f8038g.pdf
Instructions: https://www.irs.gov/pub/irs-pdf/i8038g.pdf

Arbitrage Rebate IRS Form 8038-T
Form: https://www.irs.gov/pub/irs-pdf/f8038t.pdf
Instructions: https://www.irs.gov/pub/irs-pdf/i8038t.pdf

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