



MEMORANDUM

Council Agenda
Item No. IX. BK
7/2/2024

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Renewal No. 2 of the Arbitrage Consulting Services Contract with Arbitrage Compliance Specialists, Inc., to provide arbitrage services, not to exceed \$25,000, retroactive to July 1, 2024 through June 30, 2025.

Purpose:

To approve the second renewal option of four renewal options of the contract with Arbitrage Compliance Specialists, Inc. for performing annual arbitrage services complying with the 1986 Tax Reform Act.

Background:

The Internal Revenue Service (IRS) has regulations that restrict investment earnings on the proceeds from tax-exempt bonds from exceeding the interest paid on the bonds. This is referred to as arbitrage. The IRS regulations require the City to periodically analyze and report on the investment earnings from tax-exempt bonds. The City contracts with an arbitrage consulting firm to conduct this analysis, and prepare and file the IRS arbitrage reports.

The contract provides for arbitrage services for the City and meets the requirements of the 1986 Tax Reform Act. This contract is based on the terms and conditions set forth in the RFP and the responding Proposal submitted by Arbitrage Compliance Specialists, Inc. The contract will cover arbitrage consulting services for the City and Public Trusts for fiscal year 2024-2025. It provides for four annual renewals at the discretion of City Council. This contract is the second of four renewals.

Previous Action:

On January 18, 2022 (Item No. RFP-OCITY-123), City Council approved a Request for Proposal (RFP) for arbitrage consulting services. Three proposals to provide these services were received on February 16, 2022. On May 20th, 2022, the City's Finance Director authorized negotiations with Arbitrage Compliance Specialists, Inc. to provide arbitrage consulting services. Council approved the contract on July 5, 2022 (Item no. IX. CR). On July 5, 2023 the first renewal option (item no. IX. BR) was approved.

Contract Price:

The total cost of these services is based on the number of reports required to be provided as determined by the needs of the City. The proposed cost by Arbitrage Compliance Specialists, Inc. is \$510 for each required arbitrage calculation and \$1,950 for each arbitrage refund request. Refund

requests are only processed as the need arises.

Estimated Cost:

Not to exceed \$25,000

Source of Funds:

General Fund-General Operations > OCITY > Non-Departmental-Operating > Professional Services-Other (1001-9800001-52040046)

Review:

Finance Department

Recommendation: Renewal be approved.