



The Arbitrage Group, Inc.

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September 20, 2019

Mr. Shelton Vance, CPA
County Administrator
Madison County
P.O. Box 608
Canton, Mississippi 39046

\$15,000,000
Madison County, Mississippi
General Obligation Road and Bridge Bonds
Series 2014

Dear Shelton:

Attached please find the final signed arbitrage rebate report for the above referenced bonds (the "Bonds"). The report covers the period from November 18, 2014 to November 1, 2019.

Based on the information provided by the County and the assumptions employed, the report reflects that there is no rebate liability for the Bonds as of the November 1, 2019 Rebate Installment Computation Date. As there is no rebate liability, there is no filing requirement with the IRS. Please retain a copy of this report on file for your records.

Also attached please find our invoice for the professional services provided. If you have any questions or comments please do not hesitate to contact me at (713) 522-8526.

Very truly yours,

The Arbitrage Group, Inc.

Joe L. Aviles
Partner



The Arbitrage Group, Inc.

\$15,000,000
Madison County, Mississippi
General Obligation Road and Bridge Bonds
Series 2014

Rebate Computation for the Period
November 18, 2014 to November 1, 2019



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September 20, 2019

Madison County
Canton, Mississippi

\$15,000,000
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General Obligation Road and Bridge Bonds
Series 2014

Madison County, Mississippi (the "County") issued the above referenced bonds (the "Bonds") dated and delivered on November 18, 2014. At the request of the County, we have performed the procedures enumerated below for the period November 18, 2014 to November 1, 2019 (the "Computation Period"). These procedures, which were agreed to by the County, were performed solely to assist the County in evaluating compliance with the requirements of Section 148(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code"). This engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants for consulting services. The sufficiency of these procedures is solely the responsibility of the specified users of the report. This report is intended solely for your information and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is not to be quoted or referred to without our prior written consent.

Our procedures and findings are as follows:

- (1) We read the Certificate as to Non-Arbitrage, excerpts from the Official Statement, and the General Ledger Account Detail Schedules provided to us by the County.
- (2) A schedule of the sources and uses of funds (Exhibit A) was assembled based on the Certificate as to Non-Arbitrage.
- (3) A schedule of the debt service requirements of the Bonds to scheduled maturity (Exhibit B-2) was assembled based on the Official Statement.
- (4) The yield on the Bonds was computed to be the discount rate that causes the present value of all principal and interest payments on the Bonds to equal the Issue Price to the Public assuming certain early redemptions as detailed in Item (6) of Exhibit E. The yield on the Bonds assuming certain early redemptions was computed to be 2.300452% (Exhibit B-1).

Madison County, Mississippi
 September 20, 2019
 Page 2

- (5) A schedule of actual earnings on the nonpurpose investments in the Construction Fund purchased with gross proceeds of the Bonds during the Computation Period (Exhibit C) was assembled based on the General Ledger Account Detail Schedules.
- (6) The allowable earnings amount on the nonpurpose investments in the Construction Fund was calculated to be the amount that the nonpurpose investments in the Construction Fund would have earned if they had been invested at a rate equal to the yield on the Bonds assuming certain early redemptions of 2.300452% (Exhibit C).
- (7) The arbitrage earnings amount during the Computation Period for the Construction Fund was calculated to be the difference between the actual earnings and allowable earnings for the nonpurpose investments in the Construction Fund. The arbitrage earnings amount is as follows:

<u>Trust Fund</u>	<u>Exhibit</u>	<u>Arbitrage Earnings</u>
Construction Fund	C	(\$598,680.68)
Less Computation Credit Amount	D	(8,792.77)
Total Arbitrage Earnings		<u>(\$607,473.45)</u>

- (8) The assumptions and computational information employed in the above calculations are explained in Exhibit E.
- (9) Based on the information provided by the County and the assumptions employed, this report reflects that there was no rebate liability due for the Bonds as of the November 1, 2019 Rebate Installment Computation Date.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the information referred to above. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The terms of our engagement are such that we have no obligation to update this report because of events and transactions occurring subsequent to the date of this report.

Very truly yours,

The Arbitrage Group, Inc.

Exhibits

- A. Sources and Uses of Funds
- B. Computation of Yield on the Bonds
 - B-1. Proof of Yield on the Bonds Assuming Certain Early Redemptions
 - B-2. Debt Service Requirements of the Bonds to Scheduled Maturity
 - B-3. Computation of Original Issue Premium
- C. Computation of Arbitrage Earnings on the Construction Fund
- D. Computation of Computation Credit Amount
- E. Assumptions and Computational Information

Sources and Uses of Funds

\$15,000,000
Madison County, Mississippi
General Obligation Road and Bridge Bonds
Series 2014

SOURCES

Principal Amount of the Bonds	\$15,000,000.00
Original Issue Premium	1,946,358.70
	<hr/>
	\$16,946,358.70

USES

Deposit to Construction Fund	\$16,592,033.70
Costs of Issuance	231,375.00 *
Underwriter's Discount	122,950.00 *
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	\$16,946,358.70

* These amounts were assumed to have been spent at closing and/or never invested as represented in the Certificate as to Non-Arbitrage and/or by the County.

Proof of Yield on the Bonds

Assuming Certain Early Redemptions

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	\$15,000,000 Serial Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 11/18/14 Using a Rate of 2.300452%
	Principal	Coupon Rate	Interest		
11/01/15	\$775,000.00	3.500%	\$592,151.39	\$1,367,151.39	\$1,337,679.24
05/01/16			297,187.50	297,187.50	287,474.32
11/01/16	805,000.00	3.500%	297,187.50	1,102,187.50	1,054,040.13
05/01/17			283,100.00	283,100.00	267,654.58
11/01/17	835,000.00	4.000%	283,100.00	1,118,100.00	1,045,077.74
05/01/18			266,400.00	266,400.00	246,170.11
11/01/18	860,000.00	4.000%	266,400.00	1,126,400.00	1,029,027.26
05/01/19			249,200.00	249,200.00	225,068.86
11/01/19	890,000.00	4.000%	249,200.00	1,139,200.00	1,017,186.30
05/01/20			231,400.00	231,400.00	204,266.44
11/01/20	925,000.00	4.000%	231,400.00	1,156,400.00	1,009,194.55
05/01/21			212,900.00	212,900.00	183,685.81
11/01/21	955,000.00	4.000%	212,900.00	1,167,900.00	996,182.15
05/01/22			193,800.00	193,800.00	163,425.57
11/01/22	990,000.00	4.000%	193,800.00	1,183,800.00	986,910.39
05/01/23			174,000.00	174,000.00	143,410.77
11/01/23	1,025,000.00	4.000%	174,000.00	1,199,000.00	976,978.16
05/01/24			153,500.00	153,500.00	123,653.72
11/01/24	6,940,000.00**	*	153,500.00	7,093,500.00	5,649,272.60
	<u>\$15,000,000.00</u>		<u>\$4,715,126.39</u>	<u>\$19,715,126.39</u>	<u>\$16,946,358.70</u>
			Principal Amount of the Bonds		\$15,000,000.00
			Original Issue Premium		1,946,358.70
					<u>\$16,946,358.70</u>

* Principal amounts and interest rates are as shown on Exhibit B-3.

** Assumes certain early redemptions as detailed in Item (6) of Exhibit E.

Debt Service Requirements of the Bonds to Scheduled Maturity

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	\$15,000,000 Serial Bonds			Debt Service Requirements of the Bonds
	Principal	Coupon Rate	Interest	
11/01/15	\$775,000.00	3.500%	\$592,151.39	\$1,367,151.39
05/01/16			297,187.50	297,187.50
11/01/16	805,000.00	3.500%	297,187.50	1,102,187.50
05/01/17			283,100.00	283,100.00
11/01/17	835,000.00	4.000%	283,100.00	1,118,100.00
05/01/18			266,400.00	266,400.00
11/01/18	860,000.00	4.000%	266,400.00	1,126,400.00
05/01/19			249,200.00	249,200.00
11/01/19	890,000.00	4.000%	249,200.00	1,139,200.00
05/01/20			231,400.00	231,400.00
11/01/20	925,000.00	4.000%	231,400.00	1,156,400.00
05/01/21			212,900.00	212,900.00
11/01/21	955,000.00	4.000%	212,900.00	1,167,900.00
05/01/22			193,800.00	193,800.00
11/01/22	990,000.00	4.000%	193,800.00	1,183,800.00
05/01/23			174,000.00	174,000.00
11/01/23	1,025,000.00	4.000%	174,000.00	1,199,000.00
05/01/24			153,500.00	153,500.00
11/01/24	1,060,000.00	4.000%	153,500.00	1,213,500.00
05/01/25			132,300.00	132,300.00
11/01/25	1,095,000.00	4.500%	132,300.00	1,227,300.00
05/01/26			107,662.50	107,662.50
11/01/26	1,135,000.00	4.500%	107,662.50	1,242,662.50
05/01/27			82,125.00	82,125.00
11/01/27	1,175,000.00	4.500%	82,125.00	1,257,125.00
05/01/28			55,687.50	55,687.50
11/01/28	1,215,000.00	4.500%	55,687.50	1,270,687.50
05/01/29			28,350.00	28,350.00
11/01/29	1,260,000.00	4.500%	28,350.00	1,288,350.00
	<u>\$15,000,000.00</u>		<u>\$5,527,376.39</u>	<u>\$20,527,376.39</u>

Computation of Original Issue Premium

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	Principal	Coupon Rate	Yield	Price	Purchase Price	Accrued Interest	Original Issue Premium
11/01/15	\$775,000.00	3.500%	0.350%	102.993%	\$798,195.75	\$0.00	\$23,195.75
11/01/16	805,000.00	3.500%	0.600%	105.621%	850,249.05	0.00	45,249.05
11/01/17	835,000.00	4.000%	0.875%	109.089%	910,893.15	0.00	75,893.15
11/01/18	860,000.00	4.000%	1.125%	111.084%	955,322.40	0.00	95,322.40
11/01/19	890,000.00	4.000%	1.400%	112.398%	1,000,342.20	0.00	110,342.20
11/01/20	925,000.00	4.000%	1.700%	112.968%	1,044,954.00	0.00	119,954.00
11/01/21	955,000.00	4.000%	1.950%	113.268%	1,081,709.40	0.00	126,709.40
11/01/22	990,000.00	4.000%	2.200%	113.066%	1,119,353.40	0.00	129,353.40
11/01/23	1,025,000.00	4.000%	2.320%	113.510%	1,163,477.50	0.00	138,477.50
11/01/24	1,060,000.00	4.000%	2.410%	113.994%	1,208,336.40	0.00	148,336.40
11/01/25	1,095,000.00	4.500%	2.510% *	117.428% *	1,285,836.60	0.00	190,836.60
11/01/26	1,135,000.00	4.500%	2.610% *	116.470% *	1,321,934.50	0.00	186,934.50
11/01/27	1,175,000.00	4.500%	2.670% *	115.900% *	1,361,825.00	0.00	186,825.00
11/01/28	1,215,000.00	4.500%	2.750% *	115.145% *	1,399,011.75	0.00	184,011.75
11/01/29	1,260,000.00	4.500%	2.800% *	114.676% *	1,444,917.60	0.00	184,917.60
	<u>\$15,000,000.00</u>				<u>\$16,946,358.70</u>	<u>\$0.00</u>	<u>\$1,946,358.70</u>

* Pursuant to the Official Statement, Yield/Price to November 1, 2024 call date.

Computation of Arbitrage Earnings on the Construction Fund

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	Principal Amounts	Actual Earnings		Total Nonpurpose Investment Activity	Future Value of Total Nonpurpose Investment Activity at 11/01/19 Using a Bond Yield of 2.300452%
		Interest	Gain (Loss)		
11/18/14	(\$16,592,033.70)	\$0.00	\$0.00	(\$16,592,033.70)	(\$18,582,284.44)
12/16/14	21,000.00	0.00	0.00	21,000.00	23,477.19
01/21/15	42,000.00	0.00	0.00	42,000.00	46,850.08
02/18/15	42,000.00	0.00	0.00	42,000.00	46,769.78
02/20/15	(3,122.90)	3,122.90	0.00	0.00	0.00
02/25/15	20,399.53	0.00	0.00	20,399.53	22,706.12
03/02/15	57,222.97	0.00	0.00	57,222.97	63,664.91
03/11/15	56,750.00	0.00	0.00	56,750.00	63,102.60
03/12/15	204,000.00	0.00	0.00	204,000.00	226,821.37
03/17/15	223,515.84	0.00	0.00	223,515.84	248,441.50
04/06/15	137,466.29	0.00	0.00	137,466.29	152,611.67
04/20/15	27,544.77	0.00	0.00	27,544.77	30,552.33
04/21/15	164,850.00	0.00	0.00	164,850.00	182,838.06
05/04/15	152,454.19	0.00	0.00	152,454.19	168,950.04
05/18/15	146,000.00	0.00	0.00	146,000.00	161,653.63
05/19/15	85,942.23	0.00	0.00	85,942.23	95,150.62
06/01/15	34,129.02	0.00	0.00	34,129.02	37,757.02
06/22/15	801.57	0.00	0.00	801.57	885.59
06/23/15	84,555.70	0.00	0.00	84,555.70	93,413.51
07/06/15	85,532.36	0.00	0.00	85,532.36	94,414.47
07/20/15	28,180.76	0.00	0.00	28,180.76	31,079.53
07/21/15	29,700.00	0.00	0.00	29,700.00	32,752.96
08/03/15	818,945.04	0.00	0.00	818,945.04	902,439.00
08/17/15	103,041.04	0.00	0.00	103,041.04	113,445.43
08/18/15	31,300.00	0.00	0.00	31,300.00	34,458.27
08/19/15	(7,929.15)	7,929.15	0.00	0.00	0.00
09/08/15	2,267,775.64	0.00	0.00	2,267,775.64	2,493,431.31
09/09/15	420,500.00	0.00	0.00	420,500.00	462,312.59
09/21/15	31,150.15	0.00	0.00	31,150.15	34,221.47
09/22/15	26,500.00	0.00	0.00	26,500.00	29,110.98
09/30/15	2,212,290.58	6,371.65	0.00	2,218,662.23	2,436,023.38
10/05/15	38,248.10	0.00	0.00	38,248.10	41,981.90

Computation of Arbitrage Earnings on the Construction Fund

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	Principal Amounts	Actual Earnings		Total Nonpurpose Investment Activity	Future Value of Total Nonpurpose Investment Activity at 11/01/19 Using a Bond Yield of 2.300452%
		Interest	Gain (Loss)		
10/20/15	33,300.00	0.00	0.00	33,300.00	36,515.95
11/02/15	517,390.74	0.00	0.00	517,390.74	566,925.40
11/16/15	1,399.72	0.00	0.00	1,399.72	1,532.36
11/17/15	90,486.08	0.00	0.00	90,486.08	99,054.71
12/07/15	45,406.10	0.00	0.00	45,406.10	49,642.73
12/22/15	115,500.00	0.00	0.00	115,500.00	126,156.48
01/29/16	(4,371.86)	4,371.86	0.00	0.00	0.00
02/17/16	499,391.35	0.00	0.00	499,391.35	543,564.32
02/19/16	483,592.20	0.00	0.00	483,592.20	526,300.80
04/19/16	(4,698.48)	4,698.48	0.00	0.00	0.00
05/02/16	106,242.74	0.00	0.00	106,242.74	115,090.55
05/16/16	123,165.02	0.00	0.00	123,165.02	133,303.47
06/06/16	97,738.95	0.00	0.00	97,738.95	105,650.09
07/29/16	(3,738.98)	3,738.98	0.00	0.00	0.00
08/01/16	97,609.00	0.00	0.00	97,609.00	105,141.56
08/16/16	103,597.39	0.00	0.00	103,597.39	111,485.78
09/06/16	879,202.09	0.00	0.00	879,202.09	944,947.12
09/12/16	94,582.43	0.00	0.00	94,582.43	101,616.37
09/20/16	12,679.56	0.00	0.00	12,679.56	13,615.59
09/30/16	475,069.14	3,256.51	0.00	478,325.65	513,310.58
10/03/16	65,577.05	0.00	0.00	65,577.05	70,359.96
10/18/16	65,044.33	0.00	0.00	65,044.33	69,721.91
11/07/16	952,593.68	0.00	0.00	952,593.68	1,019,866.38
11/22/16	8,345.76	0.00	0.00	8,345.76	8,926.63
12/05/16	100,287.93	0.00	0.00	100,287.93	107,179.47
12/20/16	7,168.23	0.00	0.00	7,168.23	7,653.51
01/03/17	166,590.67	0.00	0.00	166,590.67	177,721.92
01/18/17	35,165.48	0.00	0.00	35,165.48	37,479.43
02/06/17	111,920.32	0.00	0.00	111,920.32	119,148.53
02/08/17	(2,400.10)	2,400.10	0.00	0.00	0.00
02/22/17	11,398.79	0.00	0.00	11,398.79	12,122.63
03/06/17	88,601.38	0.00	0.00	88,601.38	94,143.95
04/03/17	80,575.08	0.00	0.00	80,575.08	85,468.80
04/10/17	238,682.75	0.00	0.00	238,682.75	253,066.57

Computation of Arbitrage Earnings on the Construction Fund

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	Principal Amounts	Actual Earnings		Total Nonpurpose Investment Activity	Future Value of Total Nonpurpose Investment Activity at 11/01/19 Using a Bond Yield of 2.300452%
		Interest	Gain (Loss)		
04/18/17	18,636.43	0.00	0.00	18,636.43	19,749.48
05/01/17	38,598.05	0.00	0.00	38,598.05	40,869.53
05/09/17	(1,629.02)	1,629.02	0.00	0.00	0.00
05/16/17	29,260.00	0.00	0.00	29,260.00	30,952.42
06/05/17	361,967.77	0.00	0.00	361,967.77	382,442.37
06/20/17	99,610.36	0.00	0.00	99,610.36	105,144.53
07/05/17	9,629.11	0.00	0.00	9,629.11	10,154.40
07/18/17	105,349.20	0.00	0.00	105,349.20	111,004.55
08/07/17	11,341.31	1,477.59	0.00	12,818.90	13,490.74
08/21/17	(34,420.29)	0.00	0.00	(34,420.29)	(36,192.07)
08/22/17	170,633.33	0.00	0.00	170,633.33	179,405.29
09/05/17	123,473.38	0.00	0.00	123,473.38	129,713.74
09/29/17	429,168.58	1,143.70	0.00	430,312.28	451,371.53
11/06/17	113,943.40	0.00	0.00	113,943.40	119,239.08
11/21/17	87,393.16	0.00	0.00	87,393.16	91,367.76
11/27/17	12,400.00	0.00	0.00	12,400.00	12,959.00
12/04/17	427,506.03	0.00	0.00	427,506.03	446,579.80
12/19/17	51,007.36	0.00	0.00	51,007.36	53,232.36
01/04/18	26,158.20	0.00	0.00	26,158.20	27,273.24
01/17/18	42,791.42	0.00	0.00	42,791.42	44,578.66
02/12/18	15,748.25	0.00	0.00	15,748.25	16,379.95
02/20/18	49,201.96	0.00	0.00	49,201.96	51,149.58
03/20/18	48,102.14	0.00	0.00	48,102.14	49,911.00
04/02/18	32,705.00	0.00	0.00	32,705.00	33,908.99
04/17/18	13,659.03	0.00	0.00	13,659.03	14,148.38
05/07/18	60,871.00	0.00	0.00	60,871.00	62,971.70
05/22/18	51,852.82	0.00	0.00	51,852.82	53,591.20
06/19/18	34,820.82	0.00	0.00	34,820.82	35,926.51
07/02/18	32,197.23	0.00	0.00	32,197.23	33,192.18
07/31/18	(1,728.26)	1,728.26	0.00	0.00	0.00
08/06/18	70,620.46	0.00	0.00	70,620.46	72,645.66
09/04/18	65,256.07	0.00	0.00	65,256.07	67,008.12
09/28/18	79,598.77	0.00	0.00	79,598.77	81,611.36
09/30/18	(389.28)	389.28	0.00	0.00	0.00

Computation of Arbitrage Earnings on the Construction Fund

\$15,000,000

Madison County, Mississippi
General Obligation Road and Bridge Bonds
Series 2014

<u>Date</u>	<u>Principal Amounts</u>	<u>Actual Earnings</u>		<u>Total Nonpurpose Investment Activity</u>	<u>Future Value of Total Nonpurpose Investment Activity at 11/01/19 Using a Bond Yield of 2.300452%</u>
		<u>Interest</u>	<u>Gain (Loss)</u>		
11/05/18	103,174.11	0.00	0.00	103,174.11	105,534.40
11/20/18	35,179.20	0.00	0.00	35,179.20	35,949.71
12/19/18	97,134.40	0.00	0.00	97,134.40	99,079.15
01/23/19	304,456.34	0.00	0.00	304,456.34	309,881.79
01/31/19	(210.05)	210.05	0.00	0.00	0.00
02/19/19	(250,903.50)	0.00	0.00	(250,903.50)	(254,953.11)
02/20/19	15,591.34	0.00	0.00	15,591.34	15,841.97
03/04/19	18,472.14	0.00	0.00	18,472.14	18,752.40
04/01/19	17,559.89	0.00	0.00	17,559.89	17,795.75
07/01/19	12,372.50	0.00	0.00	12,372.50	12,467.19
07/17/19	86,203.62	0.00	0.00	86,203.62	86,775.12
08/05/19	45,100.79	0.00	0.00	45,100.79	45,347.90
08/21/19	54,646.50	0.00	0.00	54,646.50	54,890.08
09/03/19	46,814.10	0.00	0.00	46,814.10	46,986.93
09/09/19	34,522.50	0.00	0.00	34,522.50	34,636.74
09/17/19	20,747.76	0.00	0.00	20,747.76	20,805.84
11/01/19	0.00	0.00	0.00	(42,467.53)	(42,467.53)
	<u>\$0.00</u>	<u>\$42,467.53</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>(\$641,148.21)</u>

Actual Earnings	\$42,467.53
Allowable Earnings	(641,148.21)
Arbitrage Earnings	<u>(\$598,680.68)</u>

Computation of Computation Credit Amount

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

Date	Annual Computation Credit	Future Value of Annual Computation Credit Amounts at 11/01/19 Using a Bond Yield of 2.300452%
11/01/15	(\$1,650.00)	(\$1,808.08)
11/01/16	(1,650.00)	(1,767.19)
11/01/17	(1,670.00)	(1,748.17)
11/01/18	(1,700.00)	(1,739.33)
11/01/19	(1,730.00)	(1,730.00)
	(\$8,400.00)	(\$8,792.77)
	Computation Credit Amount	(\$8,792.77)

Assumptions and Computational Information

\$15,000,000

Madison County, Mississippi

General Obligation Road and Bridge Bonds

Series 2014

- (1) Pursuant to Section 8.2 of the Certificate as to Non-Arbitrage, the Bonds represented a single bond issue for arbitrage rebate and bond yield calculation purposes.
- (2) Pursuant to Section 5.1 of the Certificate as to Non-Arbitrage, the County selected the one year period (or shorter period from the date of issue of the Bonds) ending November 1 as the bond year for the purposes of calculating arbitrage rebate. Consequently, November 1, 2019 (the end of the 5th Bond Year) represented the first Rebate Installment Computation Date.
- (3) As represented by the County, the Bonds have not been refunded.
- (4) The amounts denoted by an " * " on the Sources and Uses of Funds (Exhibit A) were spent at closing and/or never invested as represented in the Certificate as to Non-Arbitrage and/or the County. Consequently, no investment activity was included in the computation for these amounts.
- (5) Present value and future value computations were made on the basis of a 30/360 day year and semiannual compounding.
- (6) Pursuant to Section 1.148-4(b)(3) of the Regulations, for purposes of computing the yield on the Bonds, if a fixed yield bond is subject to optional early redemption and is described in paragraph (b)(3)(ii) of this section, the yield on the issue containing the bond is computed by treating the bond as redeemed at its stated redemption price on the optional redemption date that would produce the lowest yield on the issue. The premium bonds maturing November 1 in the years 2025 through 2029 represent callable premium bonds described in paragraph (b)(3)(ii) of this section. The lowest yield on the issue resulted by treating these bonds as optionally redeemed at 100% of par on their earliest redemption date on November 1, 2024.
- (7) As represented by the County, no fees were received or paid to commence or terminate a Guaranteed Investment Contract, Investment Agreement, Forward Purchase Agreement, or similar type investment. Consequently, no such fees or payments were included in the computation.
- (8) As represented by the County, the only funds which were funded and contained gross proceeds of the Bonds during the Computation Period were the Construction Fund and the Bond Fund (the "Trust Funds").
- (9) The transaction amounts in the Principal Amounts, Interest, and Gain (Loss) columns shown in Exhibit C for each date represent the net transaction activity for that date. Net investment and interest purchases are denoted by parentheses. The Gain (Loss) columns represent the net gains and losses, if any, on investments purchased and/or sold at discounts and premiums.
- (10) It was assumed the purchase price of each investment was at fair market value, did not include brokerage or other acquisition fees, and represented an arm's length transaction which did not reduce the rebate amount to be paid to the United States.
- (11) All amounts withdrawn from the Trust Funds were assumed to be spent for the purpose of the bond issue on the day they were withdrawn.
- (12) The Bond Fund was excluded from the computation pursuant to Section 148(f)(4)(A)(ii) of the Code which excludes from the rebate computation bona fide debt service funds as defined in Section 1.148-1(b) of the Regulations. Section 4.3 of the Certificate as to Non-Arbitrage indicates that the Bond Fund is intended to function as a bona fide debt service fund. Trust Statements for the Bond Fund were not provided for our review.
- (13) Pursuant to Section 1.148-3(d)(1)(iv) of the Regulations, on the last day of each bond year during which there are amounts allocated to gross proceeds of an issue that are subject to the rebate requirements, and on the final maturity date, a computation credit is allowed as a payment. The payment amount is future valued from the last day of each bond year to the Computation Date at a rate equal to the yield on the Bonds (Exhibit D).

The Arbitrage Group, Inc.
3401 Louisiana Street, Suite 101
Houston, TX 77002
713.522.8527
www.thearbitragegroup.com

Invoice 83215

BILL TO

Mr. Shelton Vance, CPA
County Administrator
Madison County
P.O. Box 608
Canton, Mississippi 39046

DATE
09/20/2019

PLEASE PAY
\$1,000.00

DUE DATE
09/20/2019

DESCRIPTION

AMOUNT

Professional services rendered in connection with the preparation of the arbitrage rebate report for the \$15,000,000 Madison County, Mississippi General Obligation Road and Bridge Bonds, Series 2014 for the period from November 18, 2014 to November 1, 2019.

1,000.00

Please ALWAYS reference the above invoice number to ensure timely payment to your account.

TOTAL DUE

\$1,000.00

THANK YOU.

PLEASE RETURN WITH YOUR REMITTANCE
(if paying by regular mail)

For questions on ACH or wire payments, please contact us.



The Arbitrage Group, Inc.

3401 Louisiana
Suite 101
Houston, Texas 77002

Telephone 713.522.8527

www.thearbitragegroup.com

June 21, 2018

Mr. Shelton Vance, CPA
County Administrator
Madison County
P.O. Box 608
Canton, Mississippi 39046

Dear Mr. Vance:

We are pleased to submit this engagement letter which describes the assistance we will provide to Madison County (the "County") regarding the calculation of arbitrage earnings for the \$15,000,000 Madison County, Mississippi General Road and Bridge Bonds, Series 2014 (the "Bonds"). This letter provides our understanding of the needs of the County for the Bonds, lists the information that is to be provided for the Bonds to The Arbitrage Group, Inc. (the "Group") to compute the arbitrage earnings amount, and describes the procedures to be performed.

The County needs to determine the arbitrage earnings amount for the Bonds for the period from the date of issuance of November 18, 2014 to November 1, 2017 and November 1, 2019 (the end of the 3rd Bond Year and 5th Bond Year) (the "Computation Periods"). The arbitrage earnings amount is the difference between:

1. The actual earnings on nonpurpose investments purchased with gross proceeds of the Bonds during the Computation Period, and
2. The earnings which would have been earned during the Computation Period on nonpurpose investments if such investments had been invested at a rate equal to the yield on the Bonds.

The County will be responsible for providing the Group with the applicable documentation required to calculate the arbitrage earnings amount. This documentation includes:

1. Closing Memorandum from the Bond Transcripts (**Received**);
2. Certificate as to Non-Arbitrage (**Received**);
3. IRS Form 8038-G (**Received**);
4. Official Statement (**Per EMMA**);

Mr. Shelton Vance, CPA
Madison County
June 21, 2018
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5. Trust statements (or equivalent) indicating detailed investment activity for the entire Computation Period for each fund/account in which gross proceeds of the Bonds were held (i.e. **Construction Fund, Costs of Issuance Fund, Bond Fund...**); and,
6. If the Bonds have been refunded, the Closing Memorandum from the Bond Transcripts, Certificate as to Non-Arbitrage, IRS Form 8038-G, and Verification Report issued with respect to the Refunding Bond Issue.

Please note that all items referenced above have already been provided by or on behalf of the County; except for item 5 and item 6 if applicable.

Utilizing the information provided by the County, the following procedures will be applied by the Group:

1. Review the documents associated with the issuance of the Bonds to identify key characteristics of the Bonds and the related arbitrage requirements;
2. Review the trust statements and determine that all trust statements related to the Computation Period have been provided;
3. Assemble a schedule of the debt service requirements of the Bonds and calculate the yield of the Bonds;
4. Assemble schedules of investment activity for each fund/account subject to the arbitrage rebate requirements and calculate the arbitrage earnings amount for the Computation Period;
5. Prepare a draft report of our findings which will include a summary of the information and computational assumptions affecting the calculations;
6. Submit our draft report to the County for review and approval; and,
7. Complete quality reviews of the report and the supporting documentation and issue our report to the County along with IRS Form 8038-T as applicable.

The successful completion of this engagement will require close coordination between the personnel resources of the County and the Group. Accordingly, we will assign a Project Director for this engagement to coordinate engagement activities and we would like the County to do the same.

We will have no obligation to update our report or to check any revised calculations because of events and transactions occurring subsequent to the date of our report. Our report is to be issued solely for your information and assistance and is not to be quoted or referred to in other documents without our prior written consent.



The Arbitrage Group, Inc.

Mr. Shelton Vance, CPA
Madison County
June 21, 2018
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It is assumed that all of the appropriate documentation is available in a concise, organized, and complete manner and that we will have access to the individuals responsible for the investment portfolio. Based on these assumptions, the fee for the defined Computation Period will be \$2,500 for the first report to November 1, 2017 and \$1,000 for the update to November 1, 2019.

* * * * *

We look forward to working with you on this project. If you have any comments or questions regarding this engagement please do not hesitate to call me at (713) 522-8526.

To signify your acceptance of the arrangements described in this letter, please return a signed copy of this letter.

Very truly yours,

The Arbitrage Group, Inc.

Joe L. Aviles
Partner

Accepted by: Madison County

By: Shelton Vance
Title: President
Date: 7/2/18