



ARBITRAGE REBATE SERVICES

**BLX** 

ADVISORS • ASSET MANAGEMENT • BOND LOGISTIX

BLX is a SEC registered investment advisory firm serving state and local governments and nonprofit organizations qualified to issue tax-exempt debt. For close to 20 years, BLX has anticipated and kept pace with the changing needs of tax-exempt issuers and borrowers, developing unmatched expertise in the service areas most valuable to our clients.

BLX traces its roots back to 1989, and first launched the Bond Logistix name in 2000. The original founding members of our organization lead the company today. More than 70 full time professional consultants represent BLX across the country with offices in Boston, Dallas, Los Angeles, New York, Phoenix, Portland, San Francisco, and Tampa.

BLX offers a full complement of financial services, including arbitrage and disclosure compliance, swap advisory services, structured investment bidding, and portfolio management. Our reputation in the industry

has afforded us the opportunity to work on the full range of issue types and complexities. We have been involved with projects of diverse purposes, location, and sophistication. BLX has the qualifications and experience to assist issuers and borrowers nationwide in evaluating, structuring, and implementing debt and investment strategies for their tax-exempt transactions. Our market position, exposure to trends and developments across the country, and leading role in designing new products assures our clients that BLX considers all prudent strategies to optimize the economics of their transactions.



**BLX delivers**

All levels of sophistication. Proven expertise in all market environments. Nationwide presence. Yes, we deliver. The most comprehensive, readable, and informative Arbitrage Rebate reports and consulting services. Clients return to us again and again for personal, local service, and proven solutions, confident in our experience with some of the toughest, most complex, and demanding arbitrage compliance projects in the business.

We have senior professionals in each of our offices in every part of the country. They represent the combined resources of broad experience and regional expertise, enabling us to consistently exceed our clients' expectations. For many smaller or less technically capable firms, or firms that don't have Arbitrage Rebate Compliance as their core business, any single engagement could be a significant strain on firm resources. Not so with BLX, we have both the capacity and the expertise to operate under any time constraints and to meet any scheduled requirements. And unlike firms with a more narrow focus, we respond quickly to requests for additional support that may be outside the traditional scope of an arbitrage services engagement.

BLX operates at the highest level of accuracy and efficiency. We leverage our large personnel base to target the various tasks of Arbitrage Compliance to the most appropriate resource, thereby assuring the

timeliness, quality, and value of our services. Taking advantage of our technical and regulatory expertise, we have designed a rigorous process of analysis, review and optimization that ensures that each arbitrage analysis meets the highest standards for quality and precision.

**Comprehensive Reporting**

BLX's Arbitrage Rebate analyses are invaluable in assessing whether an issue is functioning optimally from both economic and overall covenant compliance perspectives.

As part of our standard Arbitrage Rebate consulting services, BLX will:

- Verify that the issue in its entirety is subject to the Arbitrage Rebate Requirements.
- Calculate and/or recalculate the bond yield as appropriate.
- Identify and separately account for all "Gross Proceeds" (as that term is defined in the Internal Revenue Code) of the bond issue, including those requiring allocation analyses due to "transferred proceeds" and/or "commingled funds" circumstances.
- Determine what general and/or elective exceptions are applicable to the bond issue.
- Calculate the bond issue's excess investment earnings (cumulative rebate liability), if any.
- Provide an executive summary identifying the methodology employed, major assumptions,

conclusions, and recommendations for changes in investment or record-keeping policies.

- Provide all IRS filing documentation and instructions, in the event a rebate and/or yield reduction payment is required.

### The BLX Approach

Our comprehensive approach to arbitrage rebate services is dictated by the needs of our clients and includes four components:

- ▶ Technical
- ▶ Operational
- ▶ Service
- ▶ Educational

### Technical Approach

Every bond issue is different. Our technical approach allows us to adapt to these differences and to account for all investment types, cash-flow characteristics, and bond structures. The best answer might demand an approach that is rarely used, and therefore is not available from an off-the-shelf program.

- BLX uses internally-developed Microsoft Excel templates to present issuer investment data and our analyses in a clear and complete matter.
- Our customized applications are fully flexible, allowing our consultants to design individualized valuation and allocation strategies to fit particular issuer circumstances.

- This approach not only assures that our methodology meets IRS requirements, but also makes our analyses useful for more than just compliance purposes. Our reports are an invaluable tool for informing future investment decisions and changes to cash flow mechanics.

### Operational Approach

Our operational approach ensures the accuracy of our results and the efficiency of our services. BLX professionals spend less time on information collection and data entry, and more time on examining the details of a particular analysis to identify the approach that produces the best result. In this way, BLX professionals can gain exposure to a wide variety of scenarios and outcomes such that even the most complex structures quickly become familiar.

### Service Approach

BLX is committed to delivering industry leading customer service through technical excellence and personal, local service.

- Since 1989, we have built our reputation by providing exceptional arbitrage consulting services to tax-exempt issuers and borrowers in almost every U.S. state and territory.
- BLX appreciates the perspectives and sensitivities of each issuer client, and adjusts the scope and frequency of our involvement accordingly.

### **Educational Approach**

Education is a foundational principle of the BLX practice. Whether in the context of changes in applicable tax law, or the development of new analytical strategies, it is important that our clients are informed and involved.

- We regularly offer training sessions and other educational opportunities for our clients to explore their understanding of arbitrage rebate, as the best client is an informed client.
- We provide continuing education to BLX analysts and consultants in all aspects of public finance, and attend seminars and conferences across the country to track industry news and trends in arbitrage compliance.

### **Compliance is only part of the equation**

Managing costs matters too. Beyond consultant fees and the time burden on issuer staff, the real cost of Arbitrage Compliance is either unnecessary rebate or yield reduction payments, or foregone investment earnings in the form of negative arbitrage. Our services are designed to minimize both of these circumstances, on an issue-by-issue approach. We understand that the investment of bond proceeds and the management of cash-flow expectations do not occur in a vacuum. They are an integral component of minimizing overall net financing costs, and our analyses are an important part of that effort.

### **A record of success**

In the history of our practice, we have worked with many of the nation's largest and most demanding issuers. We have assisted them in developing, implementing and managing fully integrated investment and arbitrage compliance strategies for a wide variety of bond-related projects.

At the same time, we have developed a reputation for providing personalized service, attention, and education for even the smallest issuers. At BLX, each of our clients is unique and important.

### **Get started today**

To get started today on a comprehensive review of your circumstances, or if we can help in any way, please contact any of our local offices, or call us toll free nationwide at: 866 342 5259. We look forward to working with you.

