

# BOND PROCEEDS MANAGEMENT PROGRAM

Establish a Reliable and Sufficient Flow of Funds and Optimize Earnings

Bringing your project to life with a comprehensive arbitrage management program for bond proceeds.

## BENEFITS

- Establishes a scheduled flow of funds.
- Optimizes investment opportunities.
- Covers projected expenses.
- Improves compliance.
- Creates administrative efficiency.
- Competitively bids client investments.
- Offers local bank participation option.
- Provides specialized monthly reporting.
- Establishes reliable interest earnings projections.
- Calculates arbitrage spend down status.
- Provides monthly updates on potential arbitrage payments.
- Assists in complying with existing policies, federal and state statutes, district policy and arbitrage and IRS regulations.
- Coordinates formal arbitrage calculation for presentation to the IRS, if necessary.

## Overview

PMA's Bond Proceeds Management Program (PMA BPM) is a comprehensive service that helps you establish a reliable and sufficient flow of funds, optimize your investment earning and adequately cover projected expenses. Additionally, PMA BPM helps Iowa school districts and community colleges reap significant benefits in the critical areas of investment, arbitrage and reporting.

Tax exempt debt issuers are subject to a long list of Internal Revenue Service (IRS) requirements that dictate how and when they can use their bond proceeds. PMA BPM will help these obligations to be fulfilled with as little hassle as possible.

## Investment, IRS Compliance and Reporting

With PMA BPM, Iowa school districts and community colleges can reap significant benefits in the critical areas of investment, arbitrage and reporting.

1. PMA competitively bids client investments across its expansive network of banks and dealers to obtain optimal pricing on client investments.
2. PMA's local bank participation program allows local institutions to participate in the process if desired.

PMA helps bring an Iowa school district or community college's construction project to life through a comprehensive investment and arbitrage management program that maximizes interest earnings while complying with arbitrage and IRS regulations, existing policies, as well as state and federal statutes.

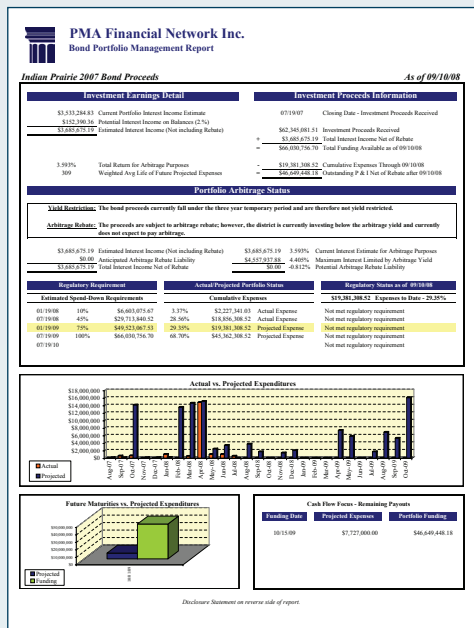
PMA's specialized monthly reports provides:

- reliable interest earnings projections.
- arbitrage spend down status.
- spending exception tests.
- monthly updates on potential arbitrage payments.
- comprehensive portfolio reporting.

## The Process

### BOND PROCEEDS ILLUSTRATIONS

#### BPM REPORT



### MONTHLY REPORTING

PMA provides each of its clients with a monthly report detailing interest earnings projections, arbitrage spend down status, potential payments and comprehensive portfolio information.

### 1. PRE-EXECUTION

Before the bond closing date, PMA analyzes all relevant aspects of a school district or community college's project and bond issue process to an optimal investment strategy. Understanding a school district or community college's cash flow and drafting an accurate draw schedule is critical, allowing the school district or community college to extend the maturity of its investments in conjunction with projected expenditures. PMA also identifies potential arbitrage issues and concerns in an effort to determine a disbursement process that best meets the client's needs. Some of the preliminary considerations include:

- Will the school district/community college qualify for a spend-down exception and the three-year temporary period?
- When will the project be started and completed?
- When will the bonds close?
- Are multiple funding sources available?
- What is the school district/community college's investment policy?

### 2. EXECUTION

In this stage, PMA implements the approved plan. PMA's extensive network of banks and dealers allows for highly competitive bidding of clients' investments. PMA has a network of over:

- 1,000 banks nationally with competitive institutions located in Iowa.
- 20 securities dealers.
- 20 corporate securities dealers.
- 10 municipal securities dealers.

### 3. ONGOING MANAGEMENT

Each month, PMA facilitates disbursement of proceeds to fund current expenses and furnishes reports on investments, arbitrage, and bookkeeping. PMA continually monitors a school district/community college's investments and project status to determine if we can enhance interest earnings along the way.

### 4. PROJECT COMPLETION

At the end of a project, PMA prepares final documentation and reporting. PMA also provides the school district or community college with a final arbitrage calculation for presentation to the IRS.



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