# CITY OF BILOXI
# AGENDA ITEM
# FACT SHEET

**Item No.:** 5A

**Council Meeting Date:** November 24, 2026

**ITEM TITLE:** RESOLUTION

**INTRODUCED BY:** Mayor Andrew "FoFo" Gilich

**CONTACT PERSON:** Richard Weaver, Chief Administrative Officer

Peter Abide, City Attorney

**SUMMARY EXPLANATION:**

Resolution of the Mayor and City Council of Biloxi, Mississippi, approving the employment of professional arbitrage consultants in connection with the City's obligations under its outstanding General Obligation Bonds, Series 2012, Series 2024, and Series 2026; and for related purposes.

**Resolution** ✓ **Ordinance** _____ **Public Hearing** _____ **Routine Agenda** _____

**Exhibits for Review**

**Contract** _____ **Minutes** _____ **Plans/Maps** _____ **Deed** _____ **Lease** _____

**Other (Specify):** Exhibit "A"- Engagement Letter Re: General Obligation Bonds, Series 2012
Exhibit "B"- Engagement Letter Re: General Obligation Bonds, Series 2024
Exhibit "C"- Engagement Letter Re: General Obligation Bonds, Series 2026

**Submittal Authorization:** **Council President** _____ **Mayor** ✓

**STAFF RECOMMENDATION:**

**COUNCIL ACTION:** **Motion By:** _____ **Second By:** _____

| Vote: | Councilmember | Yes | No | AFR | ABST | Councilmember | Yes | No | AFR | ABST |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gray | | | | | Tisdale | | | | |
| | Marshall | | | | | Glavan | | | | |
| | Nail | | | | | Shoemaker | | | | |
| | Creel | | | | | | | | | |

**ACTION TAKEN:**

km/jm/112726aleg

Res. No. ____

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BILOXI, MISSISSIPPI, APPROVING THE EMPLOYMENT OF PROFESSIONAL ARBITRAGE CONSULTANTS IN CONNECTION WITH THE CITY'S OBLIGATIONS UNDER ITS OUTSTANDING GENERAL OBLIGATION BONDS, SERIES 2012, SERIES 2024 AND SERIES 2026; AND FOR RELATED PURPOSES

WHEREAS, the Mayor and City Council of the City of Biloxi, Mississippi (together, the "Governing Body" of the "City"), hereby find, determine, adjudicate and declare as follows:

1. That in order to comply with its respective tax covenants adopted in connection with its $6,000,000 (original principal amount) General Obligation Bonds, Series 2012, its $5,000,000 (original principal amount) General Obligation Bond, Series 2024, and its outstanding $16,500,000 (original principal amount) General Obligation Bond, Series 2026 (together, the "Bonds"), it is in the best interest of the City to engage The Arbitrage Group, Inc. to prepare the necessary calculations of earnings on the proceeds of the Bonds, along with any necessary tax filings.

2. That The Arbitrage Group, Inc. is currently engaged to prepare periodic calculations of earnings on the proceeds of the City's other outstanding bond issues and has consistently provided excellent and responsive service; and it is in the best interest of the City to approve The Arbitrage Group, Inc. to provide these services with respect to the Bonds.

3. The Arbitrage Group, Inc. has presented its proposed engagement letters in connection with the Bonds, a true and correct copy of each of which is attached hereto as Exhibits A, B and C (the "Arbitrage Group Engagement Letters"), and they are acceptable to the Governing Body.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BILOXI, MISSISSIPPI, THAT:

SECTION ONE: The findings, conclusions and statements of fact contained in the preamble are hereby adopted, ratified and incorporated herein.

SECTION TWO: The Governing Body hereby employs The Arbitrage Group, Inc. as its professional arbitrage consultants with respect to the Bonds pursuant to the engagement letters set forth in Exhibits A, B and C hereto, and authorizes and directs the Mayor to execute and deliver said engagement letters.

SECTION THREE: This Resolution shall take effect and be in force from and after its adoption.

EXHIBIT A

# The Arbitrage Group, Inc.

PO Box 82
Hudson, Wisconsin 54016

Telephone 612 860 1461

www.thearbitragegroup.com

November 10, 2026

Diana Thornton
Accounting Manager/Controller
City of Biloxi
PO Box 439
Biloxi, MS 39533

Dear Ms. Thornton:

We are pleased to submit this engagement letter, which describes the assistance we will provide to the City of Biloxi, Mississippi ("Borrower") regarding the calculation of arbitrage earnings for the Borrower's $6,000,000 General Obligation Bonds, Series 2012 ("Bonds"). This letter provides our understanding of the needs of the Borrower, lists the information that is to be provided to The Arbitrage Group, Inc. ("The Group") to compute the arbitrage earnings amount, and describes the procedures to be performed. The Borrower needs to determine the arbitrage earnings amount for the Bonds for the period from the April 26, 2012 closing date to the past-due April 1, 2017 Installment computation date, as well as cumulatively to the subsequent April 1, 2022 Installment computation date and April 1, 2027 Final computation date (collectively, the "Computation Period"). The arbitrage earnings amount is the difference between:

a. The actual earnings on nonpurpose investments purchased with gross proceeds of the Bonds during the Computation Period, and

b. 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 Borrower will be responsible for either providing or authorizing The Group with the applicable documentation required to calculate the arbitrage earnings amount. This documentation generally includes:

i. IRS Form 8038, Tax Agreement; and Offering Document (received); and
ii. Bank statements for each fund with gross proceeds of the Bonds ("Investment Activity").

Utilizing the information provided above, 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, including that: (i) the Bonds are one overall issue for tax purposes; (ii) there are no transferred proceeds of the Bonds; (iii) the yield is fixed rate without the presence of qualified guarantee or qualified hedge amounts; (iv) there are no invested reserve or similar funds that otherwise constitute includable replacement proceeds; and (v) all Investment Activity was uncommingled;

(2) Review the Investment Activity and determine that all such information has been provided and Borrower-provided or authorized information and representations;

(3) Calculate the bond yield from the Offering Document for use in updating these calculations;

(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 (with to the Bond Fund(s) (not provided) assume such fund(s) operated as an excludable bona fide debt service fund);

(5) Prepare a report of our findings, which includes a summary of the information and computational assumptions affecting the calculations; and

(6) Complete quality reviews of the report and the supporting documentation and issue our report to the Borrower along with IRS Form 8038-T if applicable and tailored instructions.

The successful completion of this engagement will require close coordination between the personnel resources of the Borrower and The Group. We will assign a Project Director for this engagement to coordinate engagement activities and we would like the Borrower to do the same. We anticipate successful completion of this engagement within two (2) weeks or less of receipt of all required information previously detailed. 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 arbitrage engagement is specifically not designed to detect theft, fraud, or internal control weaknesses.

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. 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 providing the investment/expenditure information. Failure to timely provide the needed bank statement activity in this regard may result in The Group's decision to withdraw from this engagement prior to completion of our proposed services. Based on these assumptions, we estimate the fees for the defined Computation Period to not exceed $4,000. These fees would include any out-of-pocket expense incurred by us.

We look forward to working with you on this project. If you have any questions regarding this engagement, please do not hesitate to call me at (715) 386-8044 or gichel@thearbitragegroup.com. To signify your acceptance, please return a signed copy of this letter.

Very truly yours,
The Arbitrage Group, Inc.

Gregory A. Ichel

Gregory A. Ichel, Principal

Accepted by: City of Biloxi, Mississippi

By:_____

Title:_____

Date:_____

EXHIBIT B

# The Arbitrage Group, Inc.

PO Box 82
Hudson, Wisconsin 54016
Telephone 612 860 1461
www.thearbitragegroup.com

November 10, 2026

Diana Thornton
Accounting Manager/Controller
City of Biloxi
PO Box 439
Biloxi, MS 39533

Dear Ms. Thornton:

We are pleased to submit this engagement letter, which describes the assistance we will provide to the City of Biloxi, Mississippi ("Borrower") regarding the calculation of arbitrage earnings for the Borrower's $5,000,000 Special Obligation Bonds, Series 2024 ("Bonds"). This letter provides our understanding of the needs of the Borrower, lists the information that is to be provided to The Arbitrage Group, Inc. ("The Group") to compute the arbitrage earnings amount, and describes the procedures to be performed. The Borrower needs to determine the arbitrage earnings amount for the Bonds for the period from the June 13, 2024 closing date to the November 1, 2026 Interim budgetary computation date ("Computation Period"). The arbitrage earnings amount is the difference between:

a. The actual earnings on nonpurpose investments purchased with gross proceeds of the Bonds during the Computation Period, and

b. 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 Borrower will be responsible for either providing or authorizing The Group with the applicable documentation required to calculate the arbitrage earnings amount. This documentation generally includes:

i. IRS Form 8038, Tax Agreement; and Offering Document (received); and
ii. Bank statements for each fund with gross proceeds of the Bonds ("Investment Activity").

Utilizing the information provided above, 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, including that: (i) the Bonds are one overall issue for tax purposes; (ii) there are no transferred proceeds of the Bonds; (iii) the yield is fixed rate without the presence of qualified guarantee or qualified hedge amounts; (iv) there are no invested reserve or similar funds that otherwise constitute includable replacement proceeds; and (v) all Investment Activity was uncommingled;

(2) Review the Investment Activity and determine that all such information has been provided and Borrower-provided or authorized information and representations;

(3) Calculate the bond yield from the Offering Document for use in updating these calculations;

(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 (with to the Bond Fund(s) (not provided) assume such fund(s) operated as an excludable bona fide debt service fund);

(5) Prepare a report of our findings, which includes a summary of the information and computational assumptions affecting the calculations; and

(6) Complete quality reviews of the report and the supporting documentation and issue our report to the Borrower along with IRS Form 8038-T if applicable and tailored instructions.

The successful completion of this engagement will require close coordination between the personnel resources of the Borrower and The Group. We will assign a Project Director for this engagement to coordinate engagement activities and we would like the Borrower to do the same. We anticipate successful completion of this engagement within two (2) weeks or less of receipt of all required information previously detailed. 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 arbitrage engagement is specifically not designed to detect theft, fraud, or internal control weaknesses.

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. 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 providing the investment/expenditure information. Failure to timely provide the needed bank statement activity in this regard may result in The Group's decision to withdraw from this engagement prior to completion of our proposed services. Based on these assumptions, we estimate the fees for the defined Computation Period to not exceed $3,000. These fees would include any out-of-pocket expense incurred by us.

We look forward to working with you on this project. If you have any questions regarding this engagement, please do not hesitate to call me at (715) 386-8044 or gichel@thearbitragegroup.com. To signify your acceptance, please return a signed copy of this letter.

Very truly yours,
The Arbitrage Group, Inc.

Gregory A. Ichel

Gregory A. Ichel, Principal

Accepted by: City of Biloxi, Mississippi

By:_____

Title:_____

Date:_____

EXHIBIT C

# The Arbitrage Group, Inc.

PO Box 82
Hudson, Wisconsin 54016
Telephone 612 860 1461
www.thearbitragegroup.com

November 10, 2026

Diana Thornton
Accounting Manager/Controller
City of Biloxi
PO Box 439
Biloxi, MS 39533

Dear Ms. Thornton:

We are pleased to submit this engagement letter, which describes the assistance we will provide to the City of Biloxi, Mississippi ("Borrower") regarding the calculation of arbitrage earnings for the Borrower's $16,500,000 Mississippi Development Bank, Special Obligation Bonds, Series 2026 ("Bonds"). This letter provides our understanding of the needs of the Borrower, lists the information that is to be provided to The Arbitrage Group, Inc. ("The Group") to compute the arbitrage earnings amount, and describes the procedures to be performed. The Borrower needs to determine the arbitrage earnings amount for the Bonds for the period from the August 26, 2026 closing date to the August 1, 2027 Interim budgetary computation date ("Computation Period"). The arbitrage earnings amount is the difference between:

a. The actual earnings on nonpurpose investments purchased with gross proceeds of the Bonds during the Computation Period, and

b. 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 Borrower will be responsible for either providing or authorizing The Group with the applicable documentation required to calculate the arbitrage earnings amount. This documentation generally includes:

i. IRS Form 8038, Tax Agreement; and Offering Document (received); and
ii. Bank statements for each fund with gross proceeds of the Bonds ("Investment Activity").

Utilizing the information provided above, 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, including that: (i) the Bonds are one overall issue for tax purposes; (ii) there are no transferred proceeds of the Bonds; (iii) the yield is fixed rate without the presence of qualified guarantee or qualified hedge amounts; (iv) there are no invested reserve or similar funds that otherwise constitute includable replacement proceeds; and (v) all Investment Activity was uncommingled;

(2) Review the Investment Activity and determine that all such information has been provided and Borrower-provided or authorized information and representations;

(3) Calculate the bond yield from the Offering Document for use in updating these calculations;

(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 (with to the Bond Fund(s) (not provided) assume such fund(s) operated as an excludable bona fide debt service fund);

(5) Prepare a report of our findings, which includes a summary of the information and computational assumptions affecting the calculations; and

(6) Complete quality reviews of the report and the supporting documentation and issue our report to the Borrower along with IRS Form 8038-T if applicable and tailored instructions.

The successful completion of this engagement will require close coordination between the personnel resources of the Borrower and The Group. We will assign a Project Director for this engagement to coordinate engagement activities and we would like the Borrower to do the same. We anticipate successful completion of this engagement within two (2) weeks or less of receipt of all required information previously detailed. 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 arbitrage engagement is specifically not designed to detect theft, fraud, or internal control weaknesses.

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. 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 providing the investment/expenditure information. Failure to timely provide the needed bank statement activity in this regard may result in The Group's decision to withdraw from this engagement prior to completion of our proposed services. Based on these assumptions, we estimate the fees for the defined Computation Period to not exceed $1,750. These fees would include any out-of-pocket expense incurred by us.

We look forward to working with you on this project. If you have any questions regarding this engagement, please do not hesitate to call me at (715) 386-8044 or gichel@thearbitragegroup.com. To signify your acceptance, please return a signed copy of this letter.

Very truly yours,
The Arbitrage Group, Inc.

Gregory A. Ichel

Gregory A. Ichel, Principal

Accepted by: City of Biloxi, Mississippi

By:_____

Title:_____

Date:_____