



Installment Arbitrage Rebate Report

**Successor Agency to the Walnut Improvement Agency
2013 Tax Allocation Refunding Bonds**

For the Period Ending January 30, 2014

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City of Walnut
21201 La Puente Road
Walnut, California

\$18,015,000
Successor Agency to the Walnut Improvement Agency
Walnut Improvement Project
2013 Tax Allocation Refunding Bonds

We have performed the procedures enumerated below, at the request of management of the City of Walnut, California (the "City"). These procedures were performed solely to assist you in determining your arbitrage rebate and yield reduction liabilities under laws contained in Section 148 of the Internal Revenue Code of 1986 and applicable Treasury Regulations, as amended, (collectively, the "Code") in connection with the above-captioned issue (the "Bonds") for the period from July 30, 2013 through January 30, 2014 (the "Computation Period").

Based upon the Code, relevant sections of the Bond Documents, as defined below, information provided by the Hospital, and the attached Computational Assumptions, we performed the following procedures:

- (1) We read sections of the Official Statement, Certificate as to Arbitrage, IRS Form 8038-G and Cash Flow and Yield Verification Report (the "Verification Report") (collectively, the "Bond Documents") for the Bonds to understand the nature of this financing transaction.
- (2) We accumulated the investment activity of the Bond proceeds subject to arbitrage rebate and yield restriction (the "Relevant Cash Flow" as described in the Computation Assumptions), as detailed in Exhibits B and B-1.
- (3) Based upon the calculation as summarized in Exhibit B we have determined that the Bonds meet the applicable six-month spending exception as defined in Code Section 148(f)(4).

We performed the procedures in accordance with American Institute of Certified Public Accountants (AICPA) Statement on Standards for Consulting Services. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement. Nor was Robert Thomas CPA, LLC engaged to provide tax or legal advice. Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Issuer. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the Issuer's retained advisors, consultants or legal counsel.

City of Walnut, California
February 28, 2019
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This report is intended solely for the information and use of those to whom this letter is addressed and is not intended to be and should not be used by anyone other than this addressee.

Shawnee, Kansas
February 28, 2019

Computational Assumptions

The following computational assumptions relate to the Computation Period and are based upon relevant sections of the Code, Bond Documents, and client provided assumptions and information.

1. The dated and delivery date of the Bonds are July 30, 2013.
2. The Computation Period is from July 30, 2013 through January 30, 2014.
3. The Bonds constitute a single issue for rebate, yield restriction, and bond yield purposes.
4. The Sources and Uses of Funds, Exhibit B, reflects the original cash flow activity when the Bonds were issued.
5. Debt service, yield, investment cash flow, and rebate and yield reduction payments, if any, are made or received pursuant to the schedules contained in the attached Exhibits.
6. The fund(s) subject to arbitrage rebate or yield restriction are those funds summarized in Exhibit A. Fund(s) not so identified by us and excluded from the attached Exhibit(s) are assumed either: (i) not subject to rebate or yield restriction, (ii) not to have non-purpose investment activity or, (iii) if not provided (which includes grant monies, if any, received), inclusion of such activity would have a negligible impact on the rebate and yield reduction liability. Commingled fund(s), if any, are allocated using a ratable allocation method to allocate gross proceeds to expenditures. The minor portion of, the lesser of five percent of Bond proceeds or \$100,000 and investment proceeds for a period of one year are not yield restricted.
7. We have assumed that: (i) together, the fund(s) and associated accounts identified, together, as a "bona fide debt service fund", satisfied the definitional and timing requirements of a "bona fide debt service fund" as such term is defined in the Code, and (ii) together, does not exceed the \$100,000 yearly earnings limitation, if applicable. In any year in which the fund(s) fail to satisfy the requirements of a "bona fide debt service fund" or exceed the earnings limitation, the applicable portion of the activity, if provided to us, is included in the computations.
8. We have assumed, as applicable, that:
 - i. Withdrawals or allocations from fund(s) are spent or reasonably expected to be spent within five business days.
 - ii. Any reserve is reasonably required and not over funded and therefore unrestricted with respect to yield.
 - iii. No transferred proceeds exist, with respect to the Bonds, other than those identified in the Exhibits, if any.
 - iv. No other replacement proceeds exist other than those fund(s) identified in the attached exhibits or noted herein.
 - v. Any investment fees treated as a reduction of investment income are qualified administrative costs.
 - vi. Purchases and related cash receipts occurred as reported in the Verification Report.

Computational Assumptions, Continued

- vii. The scope of our procedures does not include procedures to analyze the private use limitations, if any, associated with the Bonds.

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SOURCES AND USES OF FUNDS

	<u>Proceeds</u>	<u>Equity</u>	<u>Total</u>
SOURCES:			
Principal Amount Of The Bonds	\$18,015,000.00		\$18,015,000.00
Original Issue Premium (Discount)	1,096,671.65		1,096,671.65
1999 Available Funds		\$1,048,636.25	1,048,636.25
2002 Loan funds Available		7,902,462.50	7,902,462.50
	<u>\$19,111,671.65</u>	<u>\$8,951,098.75</u>	<u>\$28,062,770.40</u>
USES:			
1999 Bonds Escrow Fund	\$8,462,515.15	\$1,048,636.25	\$9,511,151.40
2002 Bonds/Loan Escrow Fund	9,909,861.53	7,902,462.50	17,812,324.03
Costs of Issuance	421,884.72		421,884.72
Underwriter's Discount	180,150.00		180,150.00
Bond Insurance Premium	79,085.36		79,085.36
DSRF Surety	57,335.01		57,335.01
Contingency	839.88		839.88
	<u>\$19,111,671.65</u>	<u>\$8,951,098.75</u>	<u>\$28,062,770.40</u>

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SPENDING EXCEPTION TO REBATE

AVAILABLE PROCEEDS

	Interim	Final
Issue Price Of The Bonds	\$19,111,671.65	\$19,111,671.65
Less:		
Underwriter's Discount	(180,150.00)	
Bond Insurance Premium	(79,085.36)	
DSRF Surety	(57,335.01)	
Plus:		
1999 Available Funds	1,048,636.25	1,048,636.25
2002 Loan funds Available	7,902,462.50	7,902,462.50
Estimated Earnings		
Actual Earnings	0.00	0.00
Total	\$27,746,200.03	\$28,062,770.40

EXPENDITURE SUMMARY

Measurement Date	Required Expenditure Percentage	Amount	Cumulative Expenditures Percentage	Amount	Excess (Deficit) Expenditures
07/30/13	0.000%				
01/30/14	100.000%	\$27,746,200.03	99.986%	\$27,742,360.15	(\$3,839.88)
DeMinimis Amount (Lesser Of):					100,000.00
5% Of Issue Price Of The Bonds				\$955,583.58	
\$100,000.00				100,000.00	
Final Excess (Deficit) Expenditures After Contingency and DeMinimis					\$96,160.12
				Result:	MET

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EXPENDITURE DETAIL

Date	1999 Refunding	2002 Refunding	Costs of Issuance	Total
07/30/13			\$123,268.00	\$123,268.00
07/30/13			15,000.00	15,000.00
07/30/13			95,558.36	95,558.36
07/30/13			95,558.36	95,558.36
07/30/13			2,500.00	2,500.00
07/30/13			18,500.00	18,500.00
07/31/13			4,500.00	4,500.00
08/20/13			17,000.00	17,000.00
08/29/13	\$9,511,151.40	\$17,812,324.03		27,323,475.43
09/16/13			40,000.00	40,000.00
12/19/13			7,000.00	7,000.00
02/15/14			3,000.00	3,000.00
Total	\$9,511,151.40	\$17,812,324.03	\$421,884.72	\$27,745,360.15