



RESOLUTION 2026-01-28 (2)

Date: January 28, 2026

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Authority to enter into an Interlocal Agreement with King County Housing Authority for Arbitrage Rebate Compliance Services

This resolution would allow THA's Executive Director to enter into an Interlocal Agreement with the King County Housing Authority (KCHA) for Arbitrage Rebate Compliance Services

BACKGROUND

Arbitrage rebate compliance refers to a complex set of rules under the Internal Revenue Code for tax-exempt bond issuers, which provide that certain arbitrage earnings must be paid, or "rebated," to the U.S. Treasury. Arbitrage occurs when bond proceeds are invested at a higher return than the interest paid on the bonds themselves. There are yield restrictions and spending exceptions.

KCHA previously entered into an agreement with Arbitrage Compliance Specialist (ACS) for the following specialized arbitrage rebate compliance services:

- Rebate liabilities
- Tracking IRS deadlines
- Assist completing IRS form 8038-T
- Deliver reports to Agency
- Assist Agency with IRS inquiries
- Provide a CPA certified opinion confirming that rebate calculations are in compliance with rebate regulations and laws

- Assist the Agency in analyzing the arbitrage compliance implications of proposed financing transactions, including the impact of potential refunding, bond structure, and investment structures.
- Make recommendations for changes in record keeping and investment policies with regards to bond proceeds
- Advise Agency on changes in related federal or state regulations

THA previously used ACS's services and was satisfied with the work they performed. It is in THA's interest to use ACS's services to ensure tax code compliance in this complex and specialized area.

RECOMMENDATION

Allow THA's Executive Director to enter into an Interlocal Agreement with KCHA pursuant to the Interlocal Cooperation Act, RCW 39.34, which will enable THA to leverage KCHA's contract with Arbitrage Compliance Services to ensure THA's compliance with arbitrage rebate rules.



RESOLUTION 2026-01-28 (2)

Authority to Enter Into an Interlocal Agreement with KCHA

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, THA seeks to secure the services of an Arbitrage Rebate Compliance firm to ensure its compliance with nuanced and complex tax code rules; and

WHEREAS, THA finds that KCHA followed the Housing and Urban Development (HUD) procurement process 24 CFR 85.36 and contracted with Arbitrage Compliance Services (ACS); and

WHEREAS, using the services of ACS, a firm with which THA has experience, to ensure tax code compliance is in THA's interest; and

WHEREAS, federal and state procurement regulations, including but not limited to 2 CFR 200.318(e) and Chapter 39.34 RCW (The Interlocal Cooperation Act) permit public agencies, through the form of interlocal agreements, to cooperate and exercise joint powers in carrying out their public purposes, which includes the purchase of goods and services; and

WHEREAS, entering into an interlocal agreement will benefit THA by leveraging the power of KCHA to obtain competitively bid good and services from ACS at a reasonable cost and by streamlining the procurement of such goods and services; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

THA's Executive Director is hereby authorized to enter into an interlocal agreement with KCHA in the form attached hereto.

Approved: January 28, 2026


Stanley Rumbaugh, Chair