

Resolution Nos. R2023-09, R2023-10, R2023-11 and R2023-12

Authorizing new TIFIA Loan Agreements and RRIF Loan Agreement, and Amending Existing TIFIA Loan Agreements

Meeting:	Date:	Type of action:	Staff contact:
Board	04/27/2023	Final action	John Henry, Chief Financial Officer Heather Rochelle, Sr. Grant and Loan Administrator

Proposed action

Resolution No. R2023-09: Authorizes the issuance of the not to exceed \$93,306,180 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2023T-1 (Hilltop Tacoma Link Extension Project: TIFIA – 2023 – 1006A), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

Resolution No. R2023-10: Authorizes the issuance of the not to exceed \$79,250,877 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2023T-1 (NE 130th Street Infill Station Project: TIFIA – 2023 – 1007A), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

Resolution No. R2023-11: Authorizes the issuance of the not to exceed \$154,152,530 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2023T-1 (South Sounder Station Parking and Access Improvements Project: RRIF – 2023 – 0048), to evidence the payment obligations of the Authority pursuant to a RRIF loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

Resolution No. R2023-12: Amends Resolution No. R2021-03 and Resolution No. R2021-04, which authorized the outstanding TIFIA bonds; and authorizes the amendment of the existing TIFIA loan agreements to conform their provisions to the TIFIA loan agreements authorized by Resolution No. R2023-09 and Resolution No. R2023-10.

Key features summary

- Resolution No. R2023-09 would authorize a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement for \$93 million for the Hilltop Tacoma Link Extension Project.
- Resolution No. R2023-10 would authorize a TIFIA loan agreement for \$79 million for the NE 130th Street Infill Station Project.
- Resolution No. R2023-11 would authorize a Railroad Rehabilitation & Improvement Financing (RRIF) loan for \$154 million for the South Sounder Station Parking and Access Improvements Project. The RRIF program provides federal credit assistance in the form of direct loans to finance the development of railroad infrastructure on terms similar to TIFIA loans.

- Resolution No. R2023-12 amends the resolutions authorizing the existing TIFIA loan agreements and authorizes the amendment of the existing TIFIA loan agreements to conform their provisions to the new TIFIA loan agreements. This amendment does not change any material terms of the existing loans. It only amends the loans to conform to updated definitions and administrative sections incorporated into the new loan agreements.
- The interest rate on each TIFIA and RRIF loan is fixed at closing at the comparable U.S. Treasury rate plus 0.01%. The range of interest rate over the last month has been between 3.64% to 4.03%. The new TIFIA loans and RRIF loan will match the terms of the existing TIFIA loan agreements in all material respects.
- Closing of the TIFIA and RRIF loans is expected to occur by the end of May 2023.
- The TIFIA and RRIF loan agreements pledge to the payment of the TIFIA and RRIF loans the total agency Sales Tax, MVET and Rental Car Tax.

Background

Current TIFIA Loans

The Transportation Infrastructure Finance and Innovation Act of 1998 (“TIFIA”) provides federal credit assistance in the form of direct loans to finance surface transportation projects of national and regional significance. In January 2015, Sound Transit closed the East Link TIFIA Loan in the amount of \$1.33 billion. In December 2016, Sound Transit closed the Master Credit Agreement and the Northgate Link Extension Loan in the amount of \$615 million. Subsequently, Sound Transit closed the O&M Facility East loan in June 2017 in the amount of \$87 million, the Lynnwood Link Extension Project in December 2018 in the amount of \$658 million and Federal Way Link Extension Project in December 2019 in the amount of \$629 million.

In September 2021, Sound Transit refinanced all of its existing TIFIA loans at lower interest rates to effect a savings to taxpayers of over \$600 million of interest.

Also in September 2021, Sound Transit closed the Downtown Redmond Link Extension Loan in the amount of \$521 million.

Each agreement obligates Sound Transit to make interest-only payments for five years. After five years, Sound Transit will make semiannual principal payments plus interest on the outstanding balance as outlined in each of the individual loan amortization schedules. The final maturity of the loans range from 2055 to 2059. The principal of each TIFIA loan may be prepaid without penalty at any time at the option of Sound Transit.

Hilltop Tacoma Link Extension Project loan principal amount and maturity

This TIFIA loan is authorized for up to \$93,306,180 of construction and permanent financing for the Hilltop Tacoma Link Extension Project, which is approximately 33% of eligible capital project costs. The TIFIA loan agreement ensures access to financing through 2024, one year after the completion of the project, and the TIFIA loan may be drawn down as needed. This TIFIA loan will match the terms of the existing TIFIA loan agreements in all material respects. This loan has a final maturity date of 2058.

NE 130th Street Infill Station Project loan principal amount and maturity

This TIFIA loan is authorized for up to \$79,250,877 of construction and permanent financing for the NE 130th Street Infill Station Project, which is approximately 33% of eligible capital project costs. The TIFIA loan agreement ensures access to financing through 2026, one year after the completion of the project, and the TIFIA loan may be drawn down as needed. This TIFIA loan will match the terms of the existing TIFIA loan agreements in all material respects. This loan has a final maturity date of 2062.

Sounder South Station Parking and Access Improvement Project loan principal and maturity

This RRIF loan is authorized for up to \$154,152,530 of construction and permanent financing for the South Sounder Station Parking and Access Improvements Project, which is approximately 49% of eligible capital project costs. The RRIF loan agreement ensures access to financing through 2028, one year after the completion of the project, and the RRIF loan may be drawn down as needed. This RRIF loan will match the terms of the existing TIFIA loan agreements in all material respects. This loan has a final maturity date of 2061.

Interest rate

The interest rate on each TIFIA and RRIF loan is fixed at closing at the comparable U.S. Treasury rate plus 0.01%. The range of interest rate over the last month has been between 3.64% to 4.03%.

Source of payment

Debt service on the TIFIA and RRIF loans is payable from the same sources pledged to the Prior Bonds and Parity Bonds (Sales Tax, MVET and Rental Car Tax, including the ST3 taxes, but not the ST3 property tax).

Existing covenants

The TIFIA and RRIF loans include many of the same covenants made to holders of Prior Bonds and Parity Bonds, including the following: (1) Sound Transit must continue to impose the Sales Tax, MVET (ST3 MVET only) and Rental Car Tax; and (2) Sound Transit must continue to apply the Sales Tax, MVET and Rental Car Tax in the existing order of priority, with payment of the TIFIA and RRIF loans after all other indebtedness but prior to payment of operating and maintenance expenses. Sound Transit is to maintain 1.1x coverage of pledged taxes over TIFIA and RRIF debt service prior to issuance of any other agency bonds. Sound Transit is to maintain net debt service coverage of 1.0x coverage of all revenues over all debt service and operating and maintenance expenditures prior to issuance of any other agency bonds. Under each loan agreement, Sound Transit undertakes a number of obligations, including: fund a reserve account equal to six months debt service on all TIFIA and RRIF loans if in any year tax revenues drop below 1.50x debt service on all bonds payable from the taxes pledged to the payment of the TIFIA and RRIF loans; defend the federal government in any litigation that arises in connection with the Projects; and not acquire the assets of other businesses other than in the course of Sound Transit's ordinary business.

Reporting, monitoring and compliance with laws

The TIFIA and RRIF loans require extensive reporting, monitoring and compliance with laws; some of these requirements are similar to those required as a condition to the receipt of federal operating grants. The TIFIA and RRIF loans require that Sound Transit provide a Recovery Plan to the TIFIA/RRIF Lender upon the occurrence of certain events, including a 5% increase in a Project budget or substantial delay in an expected Project completion date.

Requirements for issuing additional bonds

The TIFIA and RRIF loan agreements permit Sound Transit to issue additional bonds only if all other applicable covenants made to those bond holders are satisfied and only if: (1) the Sales Tax, ST3 MVET and Rental Car Tax are forecasted to be sufficient to provide 1.10 times debt service coverage in each year on all bonds payable from those taxes and (2) all revenues of Sound Transit are forecasted to be at least equal to pay debt service and operating and maintenance expenses in each year (1.00 times net revenue). In addition, Sound Transit may not issue additional bonds unless at the time all TIFIA and RRIF loans are either rated at least "A-" or "A3" or the rating on the TIFIA and RRIF loans will not be downgraded as a direct result of issuing such additional bonds.

Prepayment if no capital program being implemented

The TIFIA and RRIF loan agreements treat a default by Sound Transit under certain agreements (such as major construction contracts and the interlocal agreements associated with the Projects and any agreement relating to indebtedness of Sound Transit) as a default under the TIFIA and RRIF loans (also known as a “cross-default”). If Sound Transit were to default in payment or under any of the various covenants made in the TIFIA or RRIF loan agreements, including by cross-default, the interest rate on the TIFIA and RRIF loans could be increased by 2% and Sound Transit could be debarred from receiving additional federal funds. However, the TIFIA and RRIF loan agreements do not provide for any acceleration of principal upon a default and the debt service payment schedule would not be affected.

Fiscal information

Based on the current interest rate environment, these TIFIA and RRIF loans are expected to reduce debt service through 2046 between \$81-\$247 million, and increase up to 0.5% of debt capacity in the minimum year. The benefit at this time is uncertain due to the interest rate.

The 2023 budget includes \$1.3 million to pay for the TIFIA and RRIF loan application fees and related consulting costs required for the TIFIA and RRIF loan agreements and loans. Ongoing costs related to the TIFIA and RRIF loan agreements and loans will be included in future budget requests, including annual fees for rating agency and loan oversight costs.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

The targeted closing date for the loan agreements is May 2023. If the Board delays voting on this action at the April Board meeting, the TIFIA and RRIF loans cannot be closed as planned and the agency may potentially miss savings opportunities.

Prior Board/Committee actions

Resolution No. R2021-03: Authorized the issuance of the not to exceed \$520,981,378 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2021T-1 (Downtown Redmond Project: TIFIA – 2021 – 1006A), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

Resolution No. R2021-04: Authorized the issuance of sales tax and motor vehicle excise tax bonds, in one or more series, to evidence the payment obligations of the Authority pursuant to one or more TIFIA loan agreements between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau, each for the purpose of prepaying, refunding, and/or terminating and canceling an outstanding bond if the interest rate on each loan can be reduced to effect a debt service savings, paying or reimbursing a portion of the costs of certain projects, and paying costs of issuance of the bond; and providing for other matters properly relating thereto.

Environmental review – KH 4/19/23

Legal review – MT 4/21/23

SOUND TRANSIT

RESOLUTION NO. R2023-12

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority amending certain provisions of Resolution No. R2021-03 and Resolution No. R2021-04, relating to certain of the Authority's outstanding bonds; and providing for other matters properly relating thereto.

ADOPTED: _____

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SOUND TRANSIT

RESOLUTION NO. R2023-12

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority amending certain provisions of Resolution No. R2021-03 and Resolution No. R2021-04, relating to certain of the Authority's outstanding bonds; and providing for other matters properly relating thereto.

BE IT RESOLVED by the Board of Directors of the Central Puget Sound Regional Transit Authority that:

Section 1. Definitions. Capitalized terms used but not otherwise defined in this Resolution shall have the meanings assigned such terms in Resolution No. R2021-03 or in Resolution No. R2021-04, as applicable.

Section 2. Findings and Determinations. The Board finds and determines as follows.

(a) Pursuant to Resolution No. R2021-03, the Authority authorized the issuance of its sales tax and motor vehicle excise tax bond, series 2021T-1 (Downtown Redmond Link Extension Project: TIFIA – 2021 – 1006A).

(b) Pursuant to Resolution No. R2021-03, the Authority authorized sales tax and motor vehicle excise tax bonds for the purpose of prepaying, refunding, and/or terminating and canceling certain outstanding bonds.

(c) Pursuant to Resolution No. R2023-09, the Authority authorized the issuance of its sales tax and motor vehicle excise tax bond, series 2023T-1 (Hilltop Tacoma Link Extension Project: TIFIA – 2023 – 1006A).

(d) Pursuant to Resolution No. R2023-10, the Authority authorized the issuance of its sales tax and motor vehicle excise tax bond, series 2023T-1 (NE 130th Street Infill Station Project: TIFIA – 2023 – 1007A).

(e) Pursuant to Resolution No. R2023-11, the Authority authorized the issuance of its sales tax and motor vehicle excise tax bond, series 2023T-1 (South Sounder Station Parking and Access Improvements Project: RRIF – 2023 – 0048).

(f) The Board finds that it is in the best interest of the Authority to amend Resolution No. R2021-03 and Resolution No. R2021-04 to conform to the provisions of Resolution No. R2023-09, Resolution No. R2023-10, and Resolution No. R2023-11, and to authorize amending the loan agreements relating to the bonds authorized by Resolution No. R2021-03 and Resolution No. R2021-04 to conform to the provisions of the loan agreements relating to the bonds authorized by Resolution No. R2023-09, Resolution No. R2023-10, and Resolution No. R2023-11.

Section 3. Amendments of Definitions. Each of the definitions in Resolution No. R2021-03 and Resolution No. R2021-04 is amended to read as follows (additions are underscored, and deletions are ~~struck through~~):

(a) "Local Option Taxes" means (a) the 1996 Motor Vehicle Tax, together with the additional special motor vehicle excise tax levied by the Authority as of the date of this Resolution at the rate of 0.8%, as authorized by RCW 81.104.160(1)(a), and rental car sales and use tax levied by the Authority as of the date of this Resolution at the rate of 0.8%, ~~each~~ as authorized by RCW 81.104.160(2), and (b) the sales and use tax authorized by RCW 81.104.170, initially approved at an election held on November 5, 1996, and levied by the Authority as of the date of this Resolution at the rate of 0.4%, together with the additional sales and use tax approved at an election held on November 4, 2008, and levied by the Authority as of the date of this Resolution at the rate of 0.5%, together with the additional sales and use tax approved at an election held on November 8, 2016, and levied by the Authority as of the date of this Resolution at the rate of 0.5%, as such taxes as may be levied from time to time by the Authority.

(b) "Motor Vehicle Tax" means the special motor vehicle excise tax authorized by RCW 81.104.160(1)(a).

(c) “Parity Bond Master Resolution” means Resolution No. R2015-16 of the Board, as amended by Resolution No. R2016-32 and restated by Resolution No. R2016-34, and as further supplemented by Resolution No. R2021-13.

(d) “Pledged Taxes” means (a) the rental car sales and use tax levied by the Authority as of the date of this Resolution at the rate of 0.8%, as authorized by RCW 81.104.160(2), (b) the sales and use tax authorized by RCW 81.104.170, initially approved at an election held on November 5, 1996, and levied by the Authority as of the date of this Resolution at the rate of 0.4%, together with the additional sales and use tax approved at an election held on November 4, 2008, and levied by the Authority as of the date of this Resolution at the rate of 0.5%, together with the additional sales and use tax approved at an election held on November 8, 2016, and levied by the Authority as of the date of this Resolution at the rate of 0.5%, (c) the 1996 Motor Vehicle Tax, together with the additional motor vehicle excise tax approved at an election held on November 8, 2016, and levied by the Authority as of the date of this Resolution at the rate of 0.8%, and (d) Additional Taxes if pledged to the payment of the Parity Bonds and Junior Obligations, in each case as such taxes may be levied from time to time by the Authority.

(e) “ST3 Motor Vehicle Tax” means the additional motor vehicle excise tax authorized by RCW 81.104.160(1)(a) and, subject to voter approval pursuant to Resolution No. R2016-17, adopted by the Board on June 23, 2016, fixed, levied, and imposed on November 29, 2016, for collection commencing January 1, 2017, at the rate of 0.8 percent.

Section 4. Additional Definitions. Section 1 of each of Resolution No. R2021-03 and Resolution No. R2021-04 are amended to include the following definitions:

(a) “Pledged Account” means each of the TIFIA Debt Service Account, the TIFIA Reserve Account, the Revenue Sharing Account, and the Construction Account.

(b) “Pledged Taxes Accounts” means the Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount, in each case to the extent the amounts in, and earnings on, such accounts represent revenues from Pledged Taxes.

(c) “TIFIA Lien” means the right, pledge, charge, preference, and priority with respect to (a) Pledged Taxes, (b) the Pledged Taxes Accounts, and (c) the Pledged Accounts, in each case granted by the Board under this Resolution to secure the TIFIA Bond and the loan under the TIFIA Loan Agreement and created without physical delivery, filing, or any other act.

Section 5. Amendment of Section 4 of Resolution No. R2021-03. Section 4 of Resolution No. R2021-03 is amended to read as follows (additions are underscored, and deletions are ~~struck through~~):

Security for the TIFIA Bond. The TIFIA Bond shall be a Second Tier Junior Obligation secured by the TIFIA Lien on Pledged Taxes, the Pledged Taxes Accounts, and the Pledged Accounts. The 1996 Motor Vehicle Tax, the ST3 Sales Tax, and the ST3 Motor Vehicle Tax are pledged to the payment of the TIFIA Bond. Such pledge of the Pledged Taxes and the Pledged Taxes Accounts to the payment of the TIFIA Bond for the benefit of the TIFIA Lender is subject to the prior pledges that have been and may hereafter be created in favor of the Prior Bonds, the Parity Bonds, the First Tier Junior Obligations, and any other obligations of the Authority issued or incurred in accordance with the provisions of the Prior Bond Resolution, the Parity Bond Master Resolution, and the TIFIA Loan Agreement and secured by a pledge of or payable from the Local Option Taxes or the Pledged

Taxes as described in paragraphs “First” through “Sixth” in Section 6(b) of this Resolution.

Section 6. Amendment of Section 4 of Resolution No. R2021-04. Section 4 of Resolution No. R2021-04 is amended to read as follows (additions are underscored, and deletions are ~~struck through~~):

Security for TIFIA Bonds. Each TIFIA Bond shall be a Second Tier Junior Obligation secured by the TIFIA Lien on Pledged Taxes, the Pledged Taxes Accounts, and the Pledged Accounts. The 1996 Motor Vehicle Tax, the ST3 Sales Tax, and the ST3 Motor Vehicle Tax are pledged to the payment of each TIFIA Bond. Such pledge of the Pledged Taxes and the Pledged Taxes Accounts to the payment of each TIFIA Bond for the benefit of the TIFIA Lender is subject to the prior pledges that have been and may hereafter be created in favor of the Prior Bonds, the Parity Bonds, the First Tier Junior Obligations, and any other obligations of the Authority issued or incurred in accordance with the provisions of the Prior Bond Resolution, the Parity Bond Master Resolution, and each TIFIA Loan Agreement and secured by a pledge of or payable from the Local Option Taxes or the Pledged Taxes as described in paragraphs “First” through “Sixth” in Section 6(b) of this Resolution.

Section 7. Amendment of Section 7 of Resolution No. R2021-03. Section 7 of Resolution No. R2021-03 is amended to read as follows (additions are underscored, and deletions are ~~struck through~~):

Pledge of Pledged Taxes. From and after the issuance and delivery of the TIFIA Bond and for so long as the TIFIA Bond remains outstanding, the Authority irrevocably obligates and binds itself to impose, collect, and deposit all Pledged Taxes into the Local Option Tax Accounts and the Additional Taxes Accounts, as applicable. All Second Tier Junior Obligations now or hereafter outstanding shall be equally and ratably payable and secured hereunder and under each Series

Resolution authorizing their issuance without priority by reason of date of adoption of any such Series Resolution or by reason of their date of sale or delivery; provided, that any Second Tier Junior Obligations also may be payable from and secured by credit enhancement specifically pledged to or provided for those Second Tier Junior Obligations. The Authority may also, at its sole option, apply amounts legally available from any other source to the payment of Second Tier Junior Obligations or to make the deposits required hereunder. The Authority expressly reserves the right (but is not obligated) to include and pledge Additional Taxes, and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment, as "Pledged Taxes." The Board has determined that the future inclusion of such Additional Taxes and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment as Pledged Taxes will benefit the Authority and the owners of Second Tier Junior Obligations.

The TIFIA Bond is a special limited obligation of the Authority payable from and secured solely by the TIFIA Lien with respect to the Pledged Taxes, the amounts, if any, in the TIFIA Debt Service Account, the TIFIA Reserve Account, and the Construction Account and the Pledged Taxes in the Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount Account, and the Pledged Accounts and subject, with respect to the Pledged Taxes and the Pledged Taxes Accounts, to the prior pledges that have been and may hereafter be created in favor of the Senior Obligations. The TIFIA Bond is a "Subordinate Obligation" as that term is defined by and under the Prior Bond Resolution and the Parity Bond Master Resolution.

There are hereby pledged for the payment of the TIFIA Bond (a) amounts in the ~~TIFIA Debt Service Account, the TIFIA Reserve Account, the Revenue Sharing Account, and the Construction Account~~ Pledged Accounts, and earnings thereon, and such pledge is hereby declared to be a charge on the amounts in

such accounts equal to the charge of any other Second Tier Junior Obligations owed to the TIFIA Lender thereon, and superior to all other charges of any kind or nature, and (b) the Pledged Taxes and amounts in the ~~Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount~~ Pledged Taxes Accounts and earnings thereon, to the extent amounts and earnings in the ~~Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount~~ Pledged Taxes Accounts represent revenues from Pledged Taxes, and such pledge is hereby declared to be a prior charge upon the Pledged Taxes and such accounts superior to all other charges of any kind or nature except the charge of the Prior Bonds on Local Option Taxes and such accounts and the charges of the Parity Bonds and the First Tier Junior Obligations on Pledged Taxes and such accounts, and equal to the charge of any other Second Tier Junior Obligations.

Following the occurrence and during the continuance of a default under the Prior Bond Resolution or the Parity Bond Master Resolution or any Series Resolution authorizing the issuance of First Tier Junior Obligations, Local Option Taxes or Pledged Taxes may not be used to pay the principal of or interest on Second Tier Junior Obligations unless all deposits and payments required to be made with respect to the Senior Obligations have been fully made or paid.

The TIFIA Bond is not an obligation of the State of Washington or any political subdivision thereof other than the Authority. The TIFIA Bond does not constitute a lien or charge upon any general fund or upon any money or other property of the Authority not specifically pledged thereto.

Section 8. Amendment of Section 7 of Resolution No. R2021-04. Section 7 of Resolution No. R2021-04 is amended to read as follows (additions are underscored, and deletions are ~~struck through~~):

Pledge of Pledged Taxes. From and after the issuance and delivery of each TIFIA Bond and for so long as the TIFIA Bond remains outstanding, the Authority irrevocably obligates and binds itself to impose, collect, and deposit all Pledged Taxes into the Local Option Tax Accounts and the Additional Taxes Accounts, as applicable. All Second Tier Junior Obligations now or hereafter outstanding shall be equally and ratably payable and secured hereunder and under each Series Resolution authorizing their issuance without priority by reason of date of adoption of any such Series Resolution or by reason of their date of sale or delivery; provided, that any Second Tier Junior Obligations also may be payable from and secured by credit enhancement specifically pledged to or provided for those Second Tier Junior Obligations. The Authority may also, at its sole option, apply amounts legally available from any other source to the payment of Second Tier Junior Obligations or to make the deposits required hereunder. The Authority expressly reserves the right (but is not obligated) to include and pledge Additional Taxes, and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment, as "Pledged Taxes." The Board has determined that the future inclusion of such Additional Taxes and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment as Pledged Taxes will benefit the Authority and the owners of Second Tier Junior Obligations.

The TIFIA Bond for each Project is a special limited obligation of the Authority payable from and secured solely by the TIFIA Lien with respect to the Pledged Taxes, ~~the amounts, if any, in the TIFIA Debt Service Account, the TIFIA Reserve Account, and the Construction Account for such Project and the Pledged Taxes in the Local Option Tax Accounts, the Additional Taxes Accounts, and the~~

~~Tax Stabilization Subaccount~~ Accounts, and the Pledged Accounts and subject, with respect to the Pledged Taxes and the Pledged Taxes Accounts, to the prior pledges that have been and may hereafter be created in favor of the Senior Obligations. Each TIFIA Bond is a "Subordinate Obligation" as that term is defined by and under the Prior Bond Resolution and the Parity Bond Master Resolution.

There are hereby pledged for the payment of the TIFIA Bond for each Project (a) amounts in the ~~TIFIA Debt Service Account, the TIFIA Reserve Account, the Revenue Sharing Account, and the Construction Account for such Project~~ Pledged Accounts, and earnings thereon, and such pledge is hereby declared to be a charge on the amounts in such accounts equal to the charge of any other Second Tier Junior Obligations owed to the TIFIA Lender thereon, and superior to all other charges of any kind or nature, and (b) the Pledged Taxes and amounts in the ~~Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount~~ Pledged Taxes Accounts and earnings thereon, to the extent amounts and earnings in the ~~Local Option Tax Accounts, the Additional Taxes Accounts, and the Tax Stabilization Subaccount~~ Pledged Taxes Accounts represent revenues from Pledged Taxes, and such pledge is hereby declared to be a prior charge upon the Pledged Taxes and such accounts superior to all other charges of any kind or nature except the charge of the Prior Bonds on Local Option Taxes and such accounts and the charges of the Parity Bonds and the First Tier Junior Obligations on Pledged Taxes and such accounts, and equal to the charge of any other Second Tier Junior Obligations.

Following the occurrence and during the continuance of a default under the Prior Bond Resolution or the Parity Bond Master Resolution or any Series Resolution authorizing the issuance of First Tier Junior Obligations, Local Option Taxes or Pledged Taxes may not be used to pay the principal of or interest on

Second Tier Junior Obligations unless all deposits and payments required to be made with respect to the Senior Obligations have been fully made or paid.

No TIFIA Bond is an obligation of the State of Washington or any political subdivision thereof other than the Authority. No TIFIA Bond constitutes a lien or charge upon any general fund or upon any money or other property of the Authority not specifically pledged thereto.

Section 9. Amendment of TIFIA Loan Agreements. Each of the loan agreements authorized by Resolution No. R2021-03 and Resolution No. R2021-04 is authorized to be amended to conform to the provisions of the loan agreements authorized by Resolution No. R2023-09, Resolution No. R2023-10, and Resolution No. R2023-11.

Section 10. Severability. The covenants or agreements contained in this Resolution shall constitute a contract between the Authority and the TIFIA Lender. If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the Authority shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the TIFIA Bond or the TIFIA Loan Agreement.

Section 11. General Authorization. Each Designated Authority Representative, or respective designee or designees of such Designated Authority Representative, is individually authorized to take such actions and to execute such documents as in the judgment of such officer may be necessary or desirable to carry out the transactions contemplated in connection with this Resolution, and comply in all respects with the provisions of the TIFIA Bond and the TIFIA Loan Agreement.

Section 12. Ratification of Prior Acts. Any action taken by or on behalf of the Authority and consistent with the intent of this Resolution but prior to the effective date of this Resolution, is hereby ratified, approved, and confirmed.

Section 13. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of Directors of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 27, 2023.

Dow Constantine
Board Chair

ATTEST:

Kathryn Flores
Board Administrator

CERTIFICATE

I, the undersigned, Administrator of the Board (the “Board”) of the Central Puget Sound Regional Transit Authority (the “Authority”), DO HEREBY CERTIFY:

1. That the attached resolution numbered R2023-12 (the “Resolution”) is a true and correct copy of a resolution of the Authority, as finally adopted at a regular meeting of the Board held on the 27th day of April, 2023, and duly recorded in my office.

2. That said meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Authority this ____ day of _____, 2023.

Kathryn Flores
Board Administrator