

Resolution No. R2025-24

Increasing the 2025 annual budgeted TIFIA Loan Draws

Meeting:	Date:	Type of action:	Staff contact:
Finance and Audit Committee Board	09/11/2025 09/25/2025	Recommend to Board Final action	Victoria Wassmer, Finance and Business Administration Deputy CEO Hughey Newsome, Chief Financial Officer Jeff Clark, Controller Executive Director

Proposed action

Amends the adopted 2025 budget to increase the 2025 annual Bonds and TIFIA loans proceeds budget by \$629,472,431, from \$1,514,197,742 to \$2,143,670,173.

Key features summary

- This action increases the total 2025 TIFIA Draw budget by \$629.4 million, bringing the total authorized Bonds and TIFIA loans proceeds budget to \$2,143.6 million. It is financially beneficial to make an additional \$629.4 million draw on the agency's outstanding TIFIA loans due to current market conditions.
- No additional debt is issued as part of this action. The agency is drawing upon existing TIFIA debt capacity previously authorized by the Board. This action combined with the investment of the draw amount results in higher net interest income for the agency.

Background

As a part of its funding of the capital program, Sound Transit's financial plan requires the issuance of long-term debt. The agency obtains both federal and public market loans within a consolidated borrowing program with the goal of minimizing net interest payments over time. Within this program the agency maintains a series of bond indentures (prior lien, parity lien, junior liens) to minimize borrowing costs and most effectively access the capital markets.

Consistent with Sound Transit's Debt Management Policy and practice, staff thoroughly evaluates all options before any financing transaction to ensure the financing instrument used can meet the Sound Transit's Asset Liability Management goals.

The effect of the above is to maximize net interest earnings.

Fiscal information

This action combined with the investment of the draw amount is anticipated to maximize net interest earnings, which is estimated to have a positive impact on the long-range financial plan.

Drawing upon existing TIFIA debt capacity as described in this resolution is estimated to affect affordability in the long-range financial plan by providing approximately \$2 million of net interest income.

This action will have no material impact to the available headroom in the minimum year nor material impact to the minimum year net debt service coverage ratio (DSCR).

Disadvantaged and small business participation

Participation by small businesses and disadvantaged business enterprises (DBEs)

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

The targeted TIFIA draw date is October 15, 2025. If the Board delays voting on this action at the September 2025 Board of Directors meeting, Sound Transit will lose a portion of the anticipated net interest earnings associated with the action.

Prior Board/Committee actions

Resolution No. R2024-25: Adopted an annual budget for the period from January 1 through December 31, 2025 and adopting the 2025 Transit Improvement Plan.

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

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, each for the purpose of refunding an outstanding bond.

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).

Environmental review – KH 8/26/25

Legal review – MT 9/3/25



Resolution No. R2025-24

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the adopted 2025 budget to increase the 2025 annual Bonds and TIFIA loans proceeds budget by \$629,472,431, from \$1,514,197,742 to \$2,143,670,173.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, in November 2024, the Board approved Resolution No. R2024-25, adopting an annual budget for the period from January 1 through December 31, 2025, and adopting the 2025 Transit Improvement Plan; and

WHEREAS, as a part of its funding of the capital program, Sound Transit's financial plan requires the issuance of long-term debt; and

WHEREAS, the agency obtains both federal and public market loans within a consolidated borrowing program with the goal of minimizing net interest payments over time; and

WHEREAS, it is financially beneficial to make an additional \$629.4 million draw on the agency's outstanding TIFIA loans due to current market conditions; and

WHEREAS, this action combined with the investment of the draw amount is anticipated to maximize net interest earnings, which is estimated to have a positive impact on the long-range financial plan.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the CEO is authorized to amend the adopted 2025 budget to increase the 2025 annual Bonds & TIFIA loans proceeds budget by \$629,472,431, from \$1,514,197,742 to \$2,143,670,173.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Dave Somers
Board Chair

Attest:

Kathryn Flores
Board Administrator