

## Resolution No. R2025-25

### Authorizes the redemption prior to maturity of the Authority's outstanding Series 2015S-2A Bonds

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 <b>Jeff Clark, Controller Executive Director</b>

### Proposed action

Authorizes the redemption prior to maturity of the Authority's outstanding \$75 million of Series 2015S-2A Bonds using available funds; delegates authority to affect the redemption; and provides for other matters properly relating thereto.

### Key features summary

- Pursuant to Resolution No. R2015-17, as amended and restated by Resolution No. R2018-11, the Series 2015S-2A Bonds are subject to redemption at the option of the Authority on any day on or after November 1, 2025, in whole or in part, at a redemption price equal to 100 percent of the principal amount plus any accrued interest, on the date fixed for redemption, without premium.
- The Series 2015S-2A Bonds bear interest at a variable rate, and interest rates have risen since their most recent remarketing date of October 21, 2021. The bonds must be remarketed every three to five years pursuant to their original terms. The next remarketing for the Series 2015S-2A Bonds must occur on or before the next Mandatory Purchase Date of November 1, 2026.
- Each mandatory remarketing requires the Authority to expend approximately \$250,000 on related expenses associated with the remarketing. The Authority currently has available funds in an amount sufficient to redeem the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026.
- It is in the best interests of the Authority and its taxpayers to redeem the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026 to lower the debt service requirements of the Authority.
- No new bonds or additional debt will be issued as part of this action.
- The amount required to effect the redemption is included in the 2025 budget.
- Pursuant to Resolution No. R2023-21, the Board authorized a similar redemption prior to maturity of the Authority's outstanding Series 2015S-2B Bonds that were issued together with the Series 2015S-2A Bonds.

## **Background**

As a part of its funding of the capital program, Sound Transit's financial plan requires the issuance of long-term bonds. The Authority issues both fixed and variable rate bonds within a consolidated borrowing program with the goal of minimizing net interest payments over time. Within this program the Authority 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 Asset Liability Management goals.

The combined effect of the above is to reduce interest cost and maximize net interest earnings.

## **Fiscal information**

This action authorizes the redemption prior to maturity of the Authority's outstanding Series 2015S-2A Bonds. The amount required to effect the redemption is included in the 2025 budget.

## **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 redemption date for the Series 2015S-2A Bonds is prior to their Mandatory Purchase Date of November 1, 2026.

The amount required to effect the redemption is included in the 2025 budget.

If the Board delays voting on this action at the September Board meeting, the Authority will continue to pay interest on the Series 2015S-2A Bonds beyond their call date of November 1, 2025.

## **Prior Board/Committee actions**

Resolution No. R2021-13: Authorized the issuance of \$869,360,000 Sales Tax and Motor Vehicle Excise Tax Improvement and Refunding Bonds to pay, or to reimburse the Authority for the payment of, costs of improvements to the Authority's High Capacity Transportation facilities, and to refund certain of the Authority's outstanding prior bonds; and confirmed the prior authorization for the remarketing of the Series 2015S-2A Bonds.

Resolution No. R2018-11: Amended and restated Resolution No. R2015-17 to add a new interest rate mode for the Series 2015S-2A Bonds and the Series 2015S-2B Bonds to consolidate certain terms relating to their conversion and remarketing and to make certain other changes related thereto; and authorized related budget amendments and payment of expenses in an amount not to exceed \$1.875 million for each conversion.

Resolution No. R2016-36: 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 a TIFIA Master Credit Agreement between the Authority and the United States Department of Transportation.

Resolution No. R2016-35: Restated Master Resolution No. 2012-14, as amended by Resolution Nos. R2015-15 and R2016-33; and authorized sales tax and motor vehicle excise tax bonds of the Authority to be issued in one or more series to finance a portion of the Authority's Regional Transit System Plan.

Resolution No. R2016-34: Restated as a Parity Bond Master Resolution, Resolution No. R2015-16 (as amended by Resolution No. R2016-32); and provided for the issuance from time to time pursuant to Series Resolutions of Future Parity Bonds of the Authority to finance or refinance portions of the Authority's Regional Transit System.

Resolution No. R2015-17: Authorized the issuance of Parity Bonds, including the Series 2015S-2A Bonds and the Series 2015S-2B Bonds.

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**Environmental review** – KH 8/26/25

**Legal review** – The Sound Transit Legal Department and Sound Transit's Bond Counsel (Foster Garvey) will have authored and/or reviewed all related documents.

## **Resolution No. R2025-25**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the redemption prior to maturity of the Authority's outstanding Series 2015S-2A bonds using available funds; delegating authority to effect the redemption; and providing for other matters properly relating thereto.

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;

NOW, THEREFORE, BE IT RESOLVED by the Board 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. R2015-17, as amended and restated by Resolution No. R2018-11.

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

- (a) Pursuant to Resolution No. R2015-16 (as amended by Resolution No. R2016-32 and as amended and restated by Resolution No. R2016-34) and Resolution No. R2015-17, the Authority authorized the issuance of its Sales Tax and Motor Vehicle Excise Tax Improvement Bonds, Series 2015S-2A (Green Bonds), in the aggregate principal amount of \$75,000,000 (the "Series 2015S-2A Bonds").
- (b) Pursuant to Resolution No. R2015-17, the Series 2015S-2A Bonds were issued as a Series on September 15, 2015, initially as Index Floating Rate Bonds with a Mandatory Purchase Date of November 1, 2018, and a Par Call Date of May 1, 2018.
- (c) Pursuant to Resolution No. R2015-17, as amended and restated by Resolution No. R2018-11, the Series 2015S-2A Bonds were remarketed as a Series on the Conversion Date of July 19, 2018, as Index Floating Rate Bonds with a Mandatory Purchase Date of November 1, 2021, and a First Par Call Date after Conversion of November 1, 2020, and were again remarketed as a Series on the Conversion Date of October 21, 2021, as Index Floating Rate Bonds with a Mandatory Purchase Date of November 1, 2026, and a First Par Call Date after Remarketing of November 1, 2025.

- (d) Pursuant to Resolution No. R2015-17, as amended and restated by Resolution No. R2018-11, the Series 2015S-2A Bonds are subject to redemption at the option of the Authority on any day on or after the first Par Call Date after Remarketing (November 1, 2025), in whole or in part, at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption, without premium.
- (e) The Series 2015S-2A Bonds bear interest at a variable rate, and interest rates have risen since their most recent remarketing date of October 21, 2021.
- (f) Remarketing the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026, would result in a significant cost of Authority time and resources.
- (g) The Authority currently has available funds in an amount sufficient to redeem the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026, that have not been dedicated to any specific purpose.
- (h) It is in the best interests of the Authority and its taxpayers to redeem the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026, to lower the debt service requirements of the Authority.

Section 3. Authorization for Redemption. The Designated Authority Representative is authorized to effect the optional redemption of the Series 2015S-2A Bonds on or prior to their Mandatory Purchase Date of November 1, 2026, with available funds of the Authority, in accordance with the provisions of Resolution No. R2015-16 (as amended by Resolution No. R2016-32 and as amended and restated by Resolution No. R2016-34) and Resolution No. R2015-17, as amended and restated by Resolution No. R2018-11. The Designated Authority Representative is authorized to call for redemption and to give or cause to be given any and all notices necessary, at the times and in the manner required, to effect the redemption of the Series 2015S-2A Bonds on any day on or prior to their Mandatory Purchase Date of November 1, 2026, as determined by the Designated Authority Representative.

Section 4. Severability. If any one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Series 2015S-2A Bonds.

Section 5. General Authorization. The Designated Authority Representative is authorized to take such actions and to execute such documents as in the judgment of the Designated Authority Representative 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 Series 2015S-2A Bonds.

Section 6. 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 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

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

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Dave Somers  
Board Chair

**Attest:**

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Kathryn Flores  
Board Administrator