

RESOLUTION NOS. R2012-14, R2012-15, and R2012-16
Amend and Restate Master Resolution No. R2009-15
Issue Sales Tax and Motor Vehicle Excise Tax Refunding Bonds (Prior Bonds)
Issue Sales Tax Refunding Bonds (Parity Bonds)

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Executive Committee Board	06/07/12 06/28/12	Committee Discussion Final Action	Brian McCartan, Chief Financial Officer	206-398-5100

PROPOSED ACTIONS

Resolution No. R2012-14: Amends and restates Resolution No. R2009-15, the Master Resolution in order to update certain provisions.

Resolution No. R2012-15: Authorizes issuance of Sales Tax and Motor Vehicle Excise Tax Refunding Bonds, Series 2012P-1 (Prior Bonds) up to a maximum of \$300,000,000 and authorizes the chief financial officer or the chief executive officer to serve as Sound Transit’s designated representative(s).

Resolution No. R2012-16: Authorizes issuance of Sales Tax Refunding Bonds, Series 2012S-1 (Parity Bonds) up to a maximum of \$200,000,000 and authorizes the chief financial officer or the chief executive officer to serve as Sound Transit’s designated representative(s).

KEY FEATURES

- In 2005, Sound Transit issued \$422,815,000 of Series 2005A Sales Tax Bonds to finance a portion of the Authority’s regional transit system plan. At this time, \$363,115,000, or around 86% of these bonds can be advance refunded (refinanced).
- Refunding, or refinancing, a portion of the Series 2005A Sales Tax Bonds would save Sound Transit no less than \$12,000,000 in net present value interest savings.
- Resolution No. R2012-14 amends and restates the Master Resolution (Resolution No. R2009-15) that governs all Prior Bonds in order to strengthen Sound Transit’s credit and security structure on the Prior Bonds:
 - Changes the Additional Bond Test (ABT) that requires that before additional Prior Bonds may be issued, the taxes pledged to those bonds received during a 12-month period during the previous 18 months must be at least **three** times (rather than **two**) maximum annual debt service on all Prior Bonds in the future.
 - Updates the Sufficiency Test to reflect the change in the ABT. The Sufficiency Test must be met before the Board can reduce the Agency’s sales tax rate to less than nine-tenths of one percent.
 - Amends and restates Resolution No. R2009-15.
- Resolution No. R2012-15:
 - Authorizes issuance of Sales Tax and Motor Vehicle Excise Tax Refunding Bonds, Series 2012P-1 (Prior Bonds) up to a maximum of \$300,000,000.
 - Board approval of this resolution authorizes the chief financial officer and/or the chief executive officer to serve as Sound Transit’s designated representative(s) and to carry

- out the issuance of Sales Tax and Motor Vehicle Excise Tax Refunding Bonds within parameters set forth by the Board in this resolution, per RCW 39.46.040.
 - Establishes those parameters as required by RCW 39.46.040.
- Resolution No. R2012-16:
 - Authorizes issuance of Sales Tax Refunding Bonds, Series 2012S-1 (Parity Bonds) up to a maximum of \$200,000,000.
 - Board approval of this resolution authorizes the chief financial officer and/or the chief executive officer to serve as Sound Transit's designated representative(s) and to carry out the issuance of Sales Tax Refunding Bonds within parameters set forth by the Board in this resolution, per RCW 39.46.040.
 - Establishes those parameters as required by RCW 39.46.040.
- The parameters established by the Board in Resolution No. R2012-15 and Resolution No. R2012-16 include:
 - The aggregate principal amount of refunding bonds backed by both sales taxes and Sound Transit's motor vehicle excise taxes (Prior Bonds) will not exceed \$300,000,000.
 - The aggregate principal amount of refunding bonds backed by sales taxes alone (Parity Bonds) will not exceed \$200,000,000.
 - The true interest cost to Sound Transit for each of the refunding bond issues will not exceed 4%.
 - The minimum net present value savings to Sound Transit must be at least 3%.
 - The final maturity of the new Prior Bonds cannot be later than February 1, 2028 and the final maturity of the new Parity Bonds cannot be later than November 1, 2030.
 - The refunding Prior Bonds and Parity Bonds are required to be issued prior to December 31, 2013.

FISCAL INFORMATION

Refunding Prior Bonds, Series 2012P-1 and Parity Bonds, Series 2012S-1 will reduce the debt service payments related to the 2005A Bonds because of the favorable long term borrowing rates currently available. As a result, total debt service expenditures are expected to be lower than the budgeted level for 2012.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2009-15: Amended and restated Master Resolution No. R98-47 authorizing 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. R2005-02: Authorized the issuance of sales tax bonds of the Authority in the principal amount of not to exceed \$500,000,000 to finance a portion of the Authority's regional transit system plan; fixing certain provisions and covenants of the bonds, including provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of such bonds.

Resolution No. R2005-07: Provided for the sale and issuance of the Central Puget Sound Regional Transit Authority Sales Tax Bonds, Series 2005A; specifying the amount, maturities, interest rates and other terms of the 2005A Bonds; providing for bond insurance; and ratifying, confirming and approving the purchase contract for the 2005A Bonds and actions of the Chief Financial Officer relating to the sale of the 2005A Bonds.

Resolution No. R99-4: Amended Resolution Nos. R98-47 and R98-48 which authorized the issuance of sales tax and motor vehicle excise tax bonds in order to clarify certain provisions of such resolutions and assure the highest available ratings on the bonds.

TIME CONSTRAINTS

The long term borrowing rates are at record lows, and the rates can move higher at any time. If the Board does not approve the resolutions at this time, the Agency could potentially lose the window of opportunity to save on debt service.

PUBLIC INVOLVEMENT

Not applicable to this action.

LEGAL REVIEW

The Sound Transit Legal Department, the Authority’s Bond Counsel (Foster Pepper), and counsel for the underwriters (Orrick) will have authored and/or reviewed all bond related documents.

DB 6/22/12

SOUND TRANSIT
SERIES RESOLUTION

RESOLUTION NO. R2012-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY AUTHORIZING THE ISSUANCE OF SALES TAX AND MOTOR VEHICLE EXCISE TAX REFUNDING BONDS, SERIES 2012P-1 TO REFUND A PORTION OF THE AUTHORITY'S OUTSTANDING SALES TAX BONDS, SERIES 2005A; APPROVING PARAMETERS FOR THE TERMS OF THE BONDS; AND DELEGATING AUTHORITY TO THE DESIGNATED AUTHORITY REPRESENTATIVE TO APPROVE THE FINAL TERMS OF AND BOND PURCHASE CONTRACT FOR THE BONDS.

ADOPTED: JUNE 28, 2012.

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RESOLUTION NO. R2012-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY AUTHORIZING THE ISSUANCE OF SALES TAX AND MOTOR VEHICLE EXCISE TAX REFUNDING BONDS, SERIES 2012P-1 TO REFUND A PORTION OF THE AUTHORITY'S OUTSTANDING SALES TAX BONDS, SERIES 2005A; APPROVING PARAMETERS FOR THE TERMS OF THE BONDS; AND DELEGATING AUTHORITY TO THE DESIGNATED AUTHORITY REPRESENTATIVE TO APPROVE THE FINAL TERMS OF AND BOND PURCHASE CONTRACT FOR THE BONDS.

WHEREAS, The Central Puget Sound Regional Transit Authority (the "Authority") has authorized the issuance of sales tax and motor vehicle excise tax bonds (the "Prior Bonds") in one or more series pursuant to Resolution No. R98-47, adopted on November 12, 1998, as amended, including as amended and restated by Resolution No. R2009-15, adopted on September 10, 2009, which was further amended and restated by Resolution No. R2012-14, adopted on June 28, 2012 (the "Master Prior Bond Resolution") to finance improvements for the purpose of providing high capacity transportation service; and

WHEREAS, the issuance of Prior Bonds must be approved by a Series Resolution (as defined in the Master Prior Bond Resolution) that specifies certain terms of and conditions relating to the sale of such Prior Bonds; and

WHEREAS, pursuant to Resolution Nos. R2005-02 and R2005-07, the Authority has issued its \$422,815,000 aggregate principal amount of Sales Tax Bonds, Series 2005A (the "2005A Bonds"), for the purpose of providing the funds necessary to pay a portion of the cost of the Authority's Regional Transit System, and by such resolutions reserved the right to redeem the Outstanding 2005A Bonds maturing on and after November 1, 2015 (the "Refunding Candidates") prior to their maturity at any time on or after May 1, 2015, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, the Refunding Candidates are currently outstanding in the aggregate principal amount of \$363,115,000; and

WHEREAS, after due consideration, it appears to the Board of Directors of the Authority (the "Board") that all or a portion of the Refunding Candidates (the "Refunded Bonds") may be refunded by the issuance and sale of the 2012 Prior Bonds (as defined and authorized below) so that debt service savings will be achieved by the difference between the principal and interest cost over the life of the refunding 2012 Prior Bonds and the principal and interest cost over the life of the Refunded Bonds but for such refunding, which refunding will be effected by:

(a) The issuance of the refunding 2012 Prior Bonds and the payment of the costs of the issuance of the refunding 2012 Prior Bonds and the costs of the refunding; and

(b) The payment of the principal of and interest on the Refunded Bonds when due up to and including May 1, 2015, and the call, payment and redemption on May 1, 2015, of all of the then-outstanding Refunded Bonds at a price of par; and

WHEREAS, simultaneously with the adoption of this Resolution, the Board is adopting a resolution authorizing the issuance of a series of Sales Tax Refunding Bonds (the "2012 Parity Bonds") to refund all or a portion of the Refunding Candidates not refunded by the 2012 Prior Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Central Puget Sound Regional Transit Authority, as follows:

Section 1. Definitions. The meanings of all capitalized terms used and not otherwise defined in this Resolution (including the recitals) shall be as set forth in the Master Prior Bond Resolution.

"Acquired Obligations" means those Government Obligations purchased to accomplish the refunding of the Refunded Bonds as authorized by this Resolution.

"Designated Authority Representative" means, for purposes of this Resolution, the Chief Financial Officer, or in his absence, the Chief Executive Officer, or such other person as may be designated by resolution of the Board.

"Letter of Representations" means the Blanket Issuer Letter of Representations with DTC dated December 9, 1998, setting forth certain understandings of the Authority and the Bond Registrar with respect to DTC's services, as it may be amended from time to time.

"Refunded Bonds" means all or a portion of the Refunding Candidates designated by the Designated Authority Representative to be refunded with the 2012 Prior Bonds.

"Refunding Candidates" means the \$363,115,000 aggregate principal amount of the Authority's Outstanding Sales Tax Bonds, Series 2005A maturing on or after November 1, 2015.

"Refunding Plan" means:

- (1) The issuance of the 2012 Prior Bonds and the deposit with the Refunding Trustee of proceeds of the 2012 Prior Bonds, together with other money of the Authority, allocated to the Refunding Plan, which may be used to acquire the Acquired Obligations; and
- (2) The application of such money, or Acquired Obligations, to the payment of the principal of and interest on the Refunded Bonds when due up to and including May 1, 2015, and the call, payment, and redemption on May 1, 2015, of all of the then-outstanding Refunded Bonds at a price of par plus unpaid interest accrued to that date.

"Refunding Trust Agreement" means a Refunding Trust Agreement between the Authority and the Refunding Trustee.

"Refunding Trustee" means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

"2012 Prior Bond Resolutions" mean, together, the Master Prior Bond Resolution and this Resolution.

"2012 Prior Bonds" means The Central Puget Sound Regional Transit Authority Sales Tax and Motor Vehicle Excise Tax Refunding Bonds, Series 2012P-1, authorized to be issued by the 2012 Prior Bond Resolutions.

Section 2. Compliance with Refunding Prior Bonds Conditions. As required by Section 4 of the Master Prior Bond Resolution, the Authority finds as follows:

(a) The 2012 Prior Bonds will be issued for the purpose of refunding outstanding bonds of the Authority resulting in debt service savings.

(b) At the time of issuance of the 2012 Prior Bonds there will be no deficiency in the Prior Bond Account, and the Authority will deposit an amount equal to the Prior Reserve Account Requirement in the Prior Reserve Account.

(c) No Default has occurred or is continuing.

(d) An Authority Prior Bond Certificate will be delivered on or prior to the date of issuance of the 2012 Prior Bonds.

Section 3. 2012 Prior Bonds. The Authority shall issue the 2012 Prior Bonds as Tax-Exempt Prior Bonds. The 2012 Prior Bonds shall be issued in the aggregate principal amount of not to exceed \$300,000,000, in the denomination of \$5,000 or any integral multiple thereof within a single Series and maturity, shall be dated the date of their initial delivery to the Underwriters and shall bear interest from their date until the 2012 Prior Bonds bearing such interest have been paid or their payment has been duly provided for, payable semiannually on each February 1 and August 1, or such other dates as the Designated Authority Representative shall determine. The 2012 Prior Bonds shall mature on February 1 in the years and amounts and bear interest at the rates per annum as shall be determined pursuant to Section 17 hereof.

Section 4. Purpose of 2012 Prior Bonds. The Authority shall issue the 2012 Prior Bonds for the purpose of providing all or part of the funds necessary to (i) carry out the Refunding Plan, (ii) fund a portion of the Prior Reserve Account Requirement, if required; (iii) fund a portion of the Parity Reserve Account Requirement, if required, and (iv) pay costs of issuing the 2012 Prior Bonds. Any amount received as original issue premium on the 2012 Prior Bonds shall not reduce the principal amount of 2012 Prior Bonds authorized under this Resolution. The principal amount of the 2012 Prior Bonds, together with any other outstanding indebtedness of the Authority not authorized by the voters, shall not exceed 1.5% of the value of the taxable property within the boundaries of the Authority.

Section 5. Registration and Transfer or Exchange of the 2012 Prior Bonds. The 2012 Prior Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Bond Register shall contain the name and mailing

address of the Owner of each 2012 Prior Bond and the principal amount and number of each of the 2012 Prior Bonds held by each Owner.

The 2012 Prior Bonds surrendered to the Bond Registrar may be exchanged for 2012 Prior Bonds in any authorized denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. The 2012 Prior Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any 2012 Prior Bond during the period beginning on the date the Bond Registrar receives direction to send notice of redemption of that 2012 Prior Bond and ending on the date the Bond Registrar sends such notice.

The 2012 Prior Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The 2012 Prior Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the Authority nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the 2012 Prior Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or premium, if any, or interest on the 2012 Prior Bonds, or any notice which is permitted or required to be given to Owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC or its nominee).

For as long as any 2012 Prior Bonds are held in fully immobilized form, DTC, its nominee or any successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC, its nominee or successor depository and shall not mean the owners of any beneficial interests in the 2012 Prior Bonds. Registered ownership of such 2012 Prior Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the Authority or such

substitute depository's successor; or (iii) to any person if the 2012 Prior Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the Authority that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Authority may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Authority determines that the 2012 Prior Bonds are to be in certificated form, the ownership of 2012 Prior Bonds may be transferred to any person as provided herein and the 2012 Prior Bonds no longer shall be held in fully immobilized form.

Section 6. Payment of 2012 Prior Bonds. Principal of and premium, if any, and interest on the 2012 Prior Bonds shall be payable in lawful money of the United States of America. Interest on the 2012 Prior Bonds shall be paid by checks or drafts of the Bond Registrar, or, if requested in writing prior to the Record Date by the Owner of \$1,000,000 or more in principal amount of 2012 Prior Bonds, by wire, mailed or transferred on the interest payment date to Owners of the 2012 Prior Bonds as those Owners and their addresses and accounts appear on the Bond Register on the Record Date. Principal of and premium, if any, on the 2012 Prior Bonds shall be payable at maturity or on such date as may be specified for prior redemption upon presentation and surrender of the 2012 Prior Bonds by the Owners at the principal corporate trust office or offices of the Bond Registrar. Notwithstanding the foregoing, payment of any 2012 Prior Bonds registered in the name of DTC or its nominee shall be made in accordance with the Letter of Representations.

Section 7. Redemption of 2012 Prior Bonds.

(a) Optional Redemption. The Designated Authority Representative may designate certain maturities of the 2012 Prior Bonds as being subject to redemption by the Authority prior to their stated maturity dates, and may specify the date on and after which those designated 2012 Prior Bonds may be redeemed and determine the redemption price.

(b) Mandatory Redemption. The Designated Authority Representative may approve the designation of certain maturities of the 2012 Prior Bonds as 2012 Term Prior Bonds and approve the dates and principal amounts.

(c) Partial Redemption. Portions of the principal amount of any 2012 Prior Bond, in any Authorized Denomination, may be redeemed. If less than all of the principal amount of any 2012 Prior Bond is redeemed, upon surrender of that 2012 Prior Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new 2012 Prior Bond (or 2012 Prior Bonds, at the option of the Registered Owner) of the same Series and maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

Section 8. Other Provisions Relating to Redemption and Purchase.

(a) Credit for Mandatory Redemption. If the Authority redeems pursuant to optional redemption provisions, purchases for cancellation or defeases 2012 Term Prior Bonds, the principal amount of the 2012 Term Prior Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory sinking fund redemptions for 2012 Term Prior Bonds of the same Series and maturity as designated by the Authority.

(b) Selection of 2012 Prior Bonds for Redemption. If fewer than all of the outstanding 2012 Prior Bonds within a maturity are to be redeemed prior to maturity, 2012 Prior Bonds shall be selected for redemption by lot within such maturity in such manner as the Bond Registrar shall determine. Notwithstanding the foregoing, so long as the 2012 Prior Bonds are

registered in the name of DTC or its nominee, selection of 2012 Prior Bonds for redemption shall be in accordance with the Letter of Representations.

(c) Purchase. The Authority reserves the right and option to purchase any or all of the 2012 Prior Bonds in the open market at any time at any price acceptable to the Authority plus accrued interest to the date of purchase.

(d) 2012 Prior Bonds to be Canceled. All 2012 Prior Bonds purchased or redeemed under the provisions of the 2012 Prior Bond Resolutions shall be surrendered to the Bond Registrar and canceled.

(e) Notice and Effect of Redemption. The Authority shall cause notice of any intended redemption of 2012 Prior Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Owner of any 2012 Prior Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not notice is actually received by that Owner. Notwithstanding the foregoing, notice of redemption of any 2012 Prior Bonds registered in the name of DTC or its nominee shall be made in accordance with the Letter of Representations.

In addition, the redemption notice shall be mailed by the Bond Registrar within the same period to each of the Rating Agencies, but these additional mailings shall not be a condition precedent to the redemption of 2012 Prior Bonds.

In the case of an optional redemption, the notice may state that the Authority retains the rights to rescind that notice on or prior to the scheduled redemption date, and that the notice and optional redemption shall be of no effect to the extent that the Authority gives notice to the affected Owners at any time on or prior to the scheduled redemption date that the Authority is rescinding the redemption notice in whole or in part. Any 2012 Prior Bonds subject to a rescinded notice of redemption shall remain Outstanding, and the rescission shall not constitute a Default.

If notice of redemption has been duly given, and in the case of a conditional notice of optional redemption, not rescinded, then on the date fixed for redemption each 2012 Prior Bond or portion thereof so called for redemption shall become due and payable at the redemption price specified in such notice unless that 2012 Prior Bond or portion thereof is subject to a rescinded notice of optional redemption. From and after the date fixed for redemption, if money for the payment of the redemption price of any 2012 Prior Bond or portion thereof so called for redemption that becomes payable is held by the Bond Registrar, interest thereon shall cease to accrue and that 2012 Prior Bond or portion thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder, and the Owner of such 2012 Prior Bond or portion thereof shall have no rights in respect thereof except to receive payment of the redemption price upon delivery of such 2012 Prior Bond to the Bond Registrar.

Section 9. Failure to Pay 2012 Prior Bonds. If any 2012 Prior Bond is not paid when properly presented at its maturity or date fixed for redemption, the Authority shall be obligated to pay interest on that 2012 Prior Bond at the same rate provided in that 2012 Prior Bond from and after its maturity or date fixed for redemption until that 2012 Prior Bond, principal, premium, if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Prior Bond Account.

Section 10. Bond Registrar. The fiscal agent of the State of Washington is designated as the Bond Registrar for the 2012 Prior Bonds. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the 2012 Prior Bonds, which shall be open to inspection by the Authority at all times. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver 2012 Prior Bonds transferred or exchanged in accordance with the provisions of the 2012 Prior Bonds and the 2012 Prior Bond Resolutions, and to serve as the Authority's paying agent for the 2012 Prior Bond Resolutions. The Authority reserves the right in its discretion to appoint special paying agents, registrars, or trustees in connection with the payment of some or all of the principal of, premium, if any, or interest on the 2012 Prior Bonds. If a new Bond Registrar is

appointed by the Authority (other than the Washington State fiscal agent), notice of the name and address of the new Bond Registrar shall be mailed to the Owners of the 2012 Prior Bonds appearing on the Bond Register at the time the Bond Registrar prepares the notice. The notice may be mailed together with the next interest payment due on the 2012 Prior Bonds, but, to the extent practicable, shall be mailed no later than the Record Date for any principal payment or redemption date of any 2012 Prior Bond.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the 2012 Prior Bonds. The Bond Registrar may become the Owner of 2012 Prior Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of the 2012 Prior Bonds.

This Section and other relevant portions of the 2012 Prior Bond Resolutions shall constitute a "system of registration" as that term is used in RCW 39.46.030.

Section 11. Preservation of Tax Exemption for Interest on 2012 Prior Bonds. The Authority covenants that it will take all actions necessary to prevent interest on the 2012 Prior Bonds from being included in gross income for federal income tax purposes, and that it will neither take any action nor make or permit any use of proceeds of the 2012 Prior Bonds or other funds of the Authority treated as proceeds of the 2012 Prior Bonds at any time during the term of the 2012 Prior Bonds which will cause interest on the 2012 Prior Bonds to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the 2012 Prior Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the 2012 Prior Bonds, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to

prevent interest on the 2012 Prior Bonds from being included in gross income for federal income tax purposes.

Section 12. Deposit, Use and Investment of Proceeds. The principal proceeds and premium, if any, received from the sale and delivery of the 2012 Prior Bonds shall be paid to the Refunding Trustee as outlined in Section 13 below, or into the "2012 Prior Bond Proceeds Account" of the Authority or such other accounts or subaccounts of the Authority as the Chief Financial Officer may designate and shall be used to (i) carry out the Refunding Plan, (ii) fund a portion of the Prior Reserve Account Requirement, if necessary, (iii) fund a portion of the Parity Reserve Account Requirement, if necessary, and (iv) pay costs of issuing the 2012 Prior Bonds.

The Chief Financial Officer may establish and may transfer, record, allocate or restrict proceeds of the 2012 Prior Bonds among such accounts or subaccounts of the Authority and make such transfers, recordings, allocations, restrictions or deposits on terms he or she may deem necessary, appropriate or desirable to carry out the purposes of the 2012 Prior Bond Resolutions.

Until needed to pay the costs described herein, the Authority may invest principal proceeds of the 2012 Prior Bonds not deposited with the Refunding Trustee temporarily in any legal investment, and the investment earnings shall be deposited in such accounts as may be designated by the Chief Financial Officer. Earnings subject to a federal tax or rebate requirement may be withdrawn from any such account and used for those tax or rebate purposes.

Section 13. Refunding of the Refunded Bonds.

(a) Appointment of Refunding Trustee. The Designated Authority Representative is authorized to appoint a Refunding Trustee in connection with the Refunded Bonds.

(b) Use of 2012 Prior Bond Proceeds. A sufficient amount of the proceeds of the sale of the 2012 Prior Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the Authority relating to the Refunded Bonds under Resolution No. R2005-02 by providing for the payment of the amounts

required to be paid by the Refunding Plan. Any 2012 Prior Bond proceeds or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan shall be returned to the Authority at the time of delivery of the 2012 Prior Bonds to the initial purchasers thereof and deposited in the Prior Bond Account to pay interest on the 2012 Prior Bonds on the first interest payment date.

(c) Administration of Refunding Plan. The Refunding Trustee is authorized and directed to make the payments required to be made by the Refunding Plan from the money deposited with the Refunding Trustee pursuant to this Resolution. All money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Resolution Nos. R2005-02 and R2005-07, this Resolution, chapter 39.53 RCW and other applicable statutes of the State, and the Refunding Trust Agreement. All necessary and proper fees, compensation and expenses of the Refunding Trustee for the 2012 Prior Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the 2012 Prior Bonds shall be paid out of the proceeds of the 2012 Prior Bonds.

(d) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this resolution, the Chief Financial Officer of the Authority is authorized and directed to execute and deliver to the Refunding Trustee the Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment and redemption of the Refunded Bonds as provided herein.

(e) Authorization for Replacement Bonds. If necessary, the Authority may issue replacement bonds in principal amounts reflecting the defeased and nondefeased portions of the 2005A Parity Bonds. The replacement bonds shall be printed, executed and authenticated in the same manner as the 2005A Parity Bonds.

Section 14. Call for Redemption of the Refunded Bonds. The Authority calls for redemption on May 1, 2015, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the 2012 Prior Bonds to the initial

purchasers thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which the Refunded Bonds may be called.

The proper Authority officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Resolution Nos. R2005-02 and R2005-07 in order to effect the redemption of the Refunded Bonds prior to their maturity.

Section 15. Authority Findings with Respect to Refunding. The Board authorizes the Designated Authority Representative to issue the 2012 Prior Bonds if it will achieve debt service savings to the Authority and is in the best interest of the Authority and its taxpayers and in the public interest. In making such finding and determination, the Designated Authority Representative will give consideration to the fixed maturities of the 2012 Prior Bonds and the Refunded Bonds, the costs of issuance of the 2012 Prior Bonds and the expected income from the investment of the proceeds of the issuance and sale of the 2012 Prior Bonds pending payment and redemption of the Refunded Bonds.

The Designated Authority Representative may also purchase Acquired Obligations to be deposited with the Refunding Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the Authority under Resolution No. R2005-02 with respect to the Refunded Bonds. Immediately upon the delivery of such Acquired Obligations to the Refunding Trustee and the deposit of any necessary beginning cash balance, the Refunded Bonds shall be deemed not to be Outstanding and shall cease to be entitled to any lien, benefit or security under Resolution No. R-2005-02 authorizing their issuance except the right to receive payment from the Acquired Obligations and beginning cash balance so set aside and pledged.

Section 16. Form and Execution of 2012 Prior Bonds. The Designated Authority Representative is authorized to approve the form of the 2012 Prior Bonds, which shall be prepared in a form consistent with the provisions of this Resolution and State law and shall be

signed by the Chair of the Board and the Chief Executive Officer, either or both of whose signatures may be manual or in facsimile, and the seal of the Authority or a facsimile reproduction thereof shall be impressed or printed thereon.

Only 2012 Prior Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution: "Certificate Of Authentication. This bond is one of the fully registered The Central Puget Sound Regional Transit Authority Sales Tax and Motor Vehicle Excise Tax Refunding Bonds, Series 2012P-1, described in the 2012 Prior Bond Resolutions." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the 2012 Prior Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.

If any officer whose manual or facsimile signature appears on the 2012 Prior Bonds ceases to be an officer of the Authority authorized to sign bonds before the 2012 Prior Bonds bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the Authority, those 2012 Prior Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. Any 2012 Prior Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the 2012 Prior Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the 2012 Prior Bonds.

Section 17. Sale of 2012 Prior Bonds. The Board has determined that it is in the best interest of the Authority to delegate to the Designated Authority Representative pursuant to RCW 39.46.040(2), the authority to approve the final principal amount, interest rates, prices, payment dates, maturity dates, maturity amounts, and redemption provisions of the 2012 Prior Bonds, and minimum savings to be achieved by the Refunding Plan, in the manner provided herein, provided that:

(a) The aggregate principal amount of the 2012 Prior Bonds does not exceed \$300,000,000;

(b) One or more rates of interest may be fixed for the 2012 Prior Bonds, and no rate of interest for any maturity of the 2012 Prior Bonds may exceed 6.0%;

(c) The combined true interest cost to the Authority for all 2012 Prior Bonds issued under the 2012 Prior Bond Resolutions does not exceed 4.0%;

(d) The purchase price for the 2012 Prior Bonds may not be less than 99% of the aggregate principal amount;

(e) The 2012 Prior Bonds shall be issued subject to optional and mandatory redemption provisions, including designation of Term Prior Bonds, if any, set forth in Section 7.

(f) There is a minimum net present value savings of 3.0% of the Refunded Bonds calculated by taking into account the overall savings achieved by refunding the Refunded Bonds together with the Refunding Candidates refunded by the 2012 Parity Bonds;

(g) The 2012 Prior Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the 2012 Prior Bonds is not later than December 31, 2013; and

(h) Interest shall be payable at fixed rates semiannually on each February 1 and August 1, principal shall be payable annually on each February 1 and the final maturity shall not be later than February 1, 2028.

In determining the final principal amount of the 2012 Prior Bonds, interest rates, payment dates, maturity dates, and redemption provisions of the 2012 Prior Bonds, and minimum savings to be achieved by the Refunding Plan, the Designated Authority Representative, in consultation with other Authority officials and staff and advisors, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the 2012 Prior Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the 2012 Prior Bonds.

The 2012 Prior Bonds shall be sold by negotiated sale to any or all of: Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), as determined by the Designated Authority Representative. Subject to the terms and conditions set forth in this Section 17, the Designated Authority Representative is hereby authorized to approve and to execute and deliver a purchase contract to be presented by the Underwriters (the "Bond Purchase Contract") on behalf of the Authority upon the determination by the Designated Authority Representative that the conditions of this Section 17 have been met.

In approving Future Prior Bonds, the Board may elect to adopt a delegation Series Resolution or adopt a Series Resolution with all final terms of such Future Prior Bonds.

The 2012 Prior Bonds shall be printed at Authority expense and will be delivered to the Underwriters in accordance with the 2012 Prior Bond Resolutions, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the 2012 Prior Bonds.

Section 18. Authorization of Official Statement. The Board authorizes and approves the preparation of a preliminary official statement in connection with the offering of the 2012 Prior Bonds pursuant to Section 17 and authorizes the Designated Authority Representative to "deem final" such preliminary official statement as of its date, except for the omission of information dependent upon the pricing of the 2012 Prior Bonds and the completion of the purchase. The Authority agrees to deliver or cause to be delivered, within seven business days after the date of the sale of the 2012 Prior Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriters, copies of a final official statement and by the time and in sufficient quantity to comply with Section (b)(4) of the Rule and the rules of the MSRB.

In addition, the Authority authorizes and approves the preparation, execution by the Designated Authority Representative and delivery to the purchasers of a final official statement

for the 2012 Prior Bonds, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the Designated Authority Representative.

Section 19. General Authorization. The Designated Authority Representative and each of the other appropriate officers of the Authority are each authorized and directed to do everything as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, the 2012 Prior Bond Resolutions, including transferring Authority funds among accounts to satisfy any reserve account requirement for the Prior Bonds or the Parity Bonds.

Section 20. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of the United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule 15c2-12"), as applicable to a participating underwriter for the 2012 Prior Bonds, the Authority makes the following written undertaking (the "Undertaking") for the benefit of holders of the 2012 Prior Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Material Events. The Authority undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the 2012 Prior Bonds and as described in subsection (b) of this Section ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the 2012 Prior Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial

difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the 2012 Prior Bonds; (7) modifications to rights of holders of the 2012 Prior Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of 2012 Term Prior Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2012 Prior Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the Authority to provide required annual financial information on or before the date specified in subsection (b) of this Section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the Authority undertakes to provide in subsection (a) of this Section:

(i) Shall consist of (1) audited financial statements prepared in accordance with generally accepted accounting principles applicable to Washington municipalities and consistent with requirements of the Washington State Auditor, except that if any audited financial statements are not available by nine months after the end of any Fiscal Year, the annual financial information filing shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the

Authority, and the Authority's audited financial statements shall be filed in the same manner as the annual financial information filing when and if they become available; and (2) historical operating and financial information consisting of (A) aggregate principal amount of Prior Bonds, Parity Bonds and Junior Obligations Outstanding; (B) amount of Local Option Taxes and Pledged Taxes levied and collected by type; (C) any change (by type) in the rate or in the total amount of Local Option Taxes or Pledged Taxes that the Authority is authorized to levy; and (D) a sufficiency calculation of the type set forth in Section 8 of the Master Prior Bond Resolution if the Authority is required to provide an Authority certificate under that Section;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the Authority (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the Authority's fiscal year ending December 31, 2012; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the 2012 Prior Bonds without the consent of any holder of any 2012 Prior Bonds, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12.

The Authority will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this Section shall inure to the benefit of the Authority and any holder of 2012 Prior Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The Authority's obligations under this Undertaking shall terminate upon the legal defeasance of all of the 2012 Prior Bonds. In addition, the Authority's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the Authority to comply with this Undertaking become legally inapplicable in respect of the 2012 Prior Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the Authority, and the Authority provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the Authority learns of any failure to comply with the Undertaking, the Authority will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Authority or other obligated person to comply with the Undertaking shall constitute a default in respect of the 2012 Prior Bonds. The sole remedy of any holder of a 2012 Prior Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Authority or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Chief Financial Officer of the Authority (or such other officer of the Authority who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the Authority in respect of the 2012 Prior Bonds set forth in this Section in accordance with the Rule, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred and preparing and disseminating notice of its occurrence;

(iii) Determining whether any person other than the Authority is an "obligated person" within the meaning of the Rule with respect to the 2012 Prior Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of enumerated events for that person in accordance with the Rule;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the Authority in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Section 21. Ratification of Prior Acts. All acts taken pursuant to the authority of this Resolution but prior to its effective date are ratified, approved and confirmed.

Section 22. Severability. 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 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 any 2012 Prior Bonds.

Section 23. Effective Date. This Resolution shall be effective immediately upon its adoption.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting held this 28th day of June, 2012.



Julia Patterson
Board Vice Chair

ATTEST:



Marcia Walker
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 R2012-15 (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 28th day of June, 2012, and duly recorded in my office.

2. That said meeting was duly convened and held 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 28th day of June, 2012.

Spacia Walker

Board Administrator