

## **SOUND TRANSIT**

### **RESOLUTION NO. R2014-30**

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority authorizing the issuance of the not to exceed \$1,325,978,000 (plus capitalized interest thereon) sales tax bond, series 2014T-1 (East Link Project: TIFIA – 2014-\_\_\_\_), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation; approving the loan, fixing the terms of the bond, and providing for the delivery of the bond to the United States Department of Transportation; and providing for other matters properly relating thereto.

**ADOPTED: November 20, 2014**

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WHEREAS, the Board of Directors (the “Board”) of the Central Puget Sound Regional Transit Authority (the “Authority”), pursuant to RCW 81.112.130, 81.112.140 and 81.104.180 and Resolution No. 98-47 (as amended and restated, including by Resolution No. R2012-14, the “Prior Bond Resolution”) and Resolution No. 98-48, authorized the issuance of Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999 (the “1999 Prior Bonds”), secured by a pledge of the Local Option Taxes (defined herein), to finance improvements for the purpose of providing high-capacity transportation service, and further authorized the issuance of additional bonds secured by a pledge of the Local Option Taxes on a parity with the pledge that secures the 1999 Prior Bonds (together with the 1999 Prior Bonds, the “Prior Bonds”); and

WHEREAS, the Board, pursuant to RCW 81.112.130, 81.112.140 and 81.104.180 and Resolution Nos. R2005-02 and R2005-07, authorized the issuance of Sales Tax Bonds, Series 2005A (the “2005A Parity Bonds”), secured by a pledge of the Pledged Taxes (defined herein) subordinate to the pledge of Local Option Taxes securing the Prior Bonds, to finance improvements for the purpose of providing high-capacity transportation service, and further authorized the issuance of additional bonds secured by a pledge of the Pledged Taxes on a parity with the pledge that secures the 2005A Parity Bonds (together with the 2005A Parity Bonds, the “Parity Bonds”); and

WHEREAS, the Board desires to authorize the issuance of additional obligations to finance improvements for the purpose of providing high-capacity transportation service

consistent with the resolutions authorizing the issuance of the Authority's outstanding Prior Bonds and Parity Bonds, which resolutions permit the issuance of obligations secured by a pledge of the Pledged Taxes subordinate to the pledge of Local Option Taxes that secures the Prior Bonds and subordinate to the pledge of Pledged Taxes that secures the Parity Bonds;

NOW, THEREFORE, 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 the TIFIA Loan Agreement (defined herein). In addition, as used in this Resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly indicates that another meaning is intended:

"Additional Taxes" means any taxes other than Local Option Taxes that are included as Pledged Taxes and pledged to the payment of any of the Bonds.

"Additional Taxes Accounts" means separate accounts of the Authority, including any separate tax stabilization accounts, into which the Authority deposits Additional Taxes.

"First-Tier Junior Obligations" means obligations secured by a pledge of the Pledged Taxes subordinate to the pledge that secures the Parity Bonds but senior to the pledge that secures the Second-Tier Junior Obligations.

"Local Option Taxes" means the special motor vehicle excise tax and rental car sales and use tax authorized by RCW 81.104.160 and the sales and use tax authorized by RCW 81.104.170, initially approved at an election held on November 5, 1996, together with the additional sales and use tax approved at an election held on November 4, 2008, as such taxes may be levied from time to time by the Authority.

"Motor Vehicle Tax" means the special motor vehicle excise tax authorized by RCW 81.104.160.

"Pledged Taxes" means the rental car sales and use tax authorized by RCW 81.104.160 and the sales and use tax authorized by RCW 81.104.170, initially approved at an election held

on November 5, 1996, together with the additional sales and use tax approved at an election held on November 4, 2008, as such taxes may be levied from time to time by the Authority, together with Additional Taxes if pledged to any of the Bonds and/or the Motor Vehicle Tax if pledged to any of the Bonds other than the Prior Bonds.

“Rental Car Tax” means the rental car sales and use tax authorized by RCW 81.104.160(2).

“Sales Tax” means the sales and use tax authorized by RCW 81.104.170.

“Second-Tier Junior Obligations” means the TIFIA Bond and any other obligations secured by a pledge of or payable from the Pledged Taxes on a parity with the pledge that secures the TIFIA Bond.

“TIFIA Bond” means the Central Puget Sound Regional Transit Authority Sales Tax Bond, Series 2014T-1 (East Link Project: TIFIA – 2014-\_\_\_), as such designation may be changed in the TIFIA Loan Agreement pursuant to Section 4 of this Resolution.

“TIFIA Loan Agreement” means the TIFIA Loan Agreement between the TIFIA Lender and the Authority, providing for the loan evidenced by the TIFIA Bond.

“TIFIA Lender” means the United States Department of Transportation, an agency of the United States of America, acting by and through the Federal Highway Administrator.

Section 2. Authorization and Description of TIFIA Bond. The Authority is authorized to borrow money on the credit of the Authority and to issue the TIFIA Bond in the principal amount of not to exceed \$1,325,978,000 (plus capitalized interest thereon) to pay or reimburse a portion of the Eligible Project Costs related to the East Link Light Rail Project, all as described in, and in accordance with the provisions of, the TIFIA Loan Agreement. The TIFIA Bond shall be dated the date of its delivery to the TIFIA Lender and shall mature on the Final Maturity Date (as defined in the TIFIA Loan Agreement). The TIFIA Bond shall bear interest at a fixed rate, calculated by adding one basis point (.01%) to the rate of securities of a similar maturity as published on the Effective Date in the United States Treasury Bureau of Public Debt’s daily rate table for State and Local Government Series (SLGS) securities; provided, that the fixed rate as

so calculated shall not be less than the yield on 30-year United States Treasury securities as of such date. The TIFIA Bond shall be payable in such amounts and at such times, and shall be subject to prepayment, all in accordance with the provisions of the TIFIA Loan Agreement. The TIFIA Bond shall be issued in the form of Exhibit A to the TIFIA Loan Agreement and shall conform in all respects to the terms and conditions specified in this Resolution and the TIFIA Loan Agreement. Disbursements and payments of principal of the TIFIA Loan shall be recorded on Exhibit E to the TIFIA Loan Agreement. Principal of and interest on the TIFIA Loan shall be payable as recorded on Exhibit E to the TIFIA Loan Agreement.

Section 3. Security for the TIFIA Bond. The TIFIA Bond shall be a Second-Tier Junior Obligation secured by the TIFIA Lien on Pledged Taxes.

Section 4. Approval of TIFIA Loan Agreement. The Authority has negotiated the proposed TIFIA Loan Agreement with the TIFIA Lender in the form of the draft thereof dated November 12, 2014, which is on file with the Administrator of the Board and is incorporated herein by this reference. The Board finds that execution and delivery of the proposed TIFIA Loan Agreement substantially in the form thereof on file with the Administrator of the Board is in the Authority's best interest. The Board therefore approves the proposed TIFIA Loan Agreement substantially in the form thereof on file with the Administrator of the Board, in which the same interest rate as determined for the TIFIA Bond pursuant to Section 2 of this Resolution shall be inserted on the Effective Date as the interest rate on the TIFIA Loan, and with such other changes, if any, as are approved by the Chief Executive Officer or the Executive Director, Finance and Information Technology, and authorizes its execution and delivery on behalf of the Authority by the Chief Executive Officer or the Executive Director, Finance and Information Technology.

Section 5. Local Option Tax Accounts and Additional Taxes Accounts; Flow of Funds.

(a) Local Option Tax Accounts. The Authority maintains Local Option Tax Accounts into which it promptly deposits Pledged Taxes upon the receipt thereof. The Authority may

create a Tax Stabilization Subaccount in the Local Option Tax Accounts and deposit Pledged Taxes collected in any Fiscal Year into that subaccount or withdraw Pledged Taxes deposited therein from such subaccount and use amounts in such subaccount for any lawful purposes in accordance with the flow of funds set forth in Section 5(b), and subject to the requirements set forth in the Prior Bond Resolution and the Parity Bond Resolutions. The Tax Stabilization Subaccount may be the same subaccount of that name established under Section 2(a) of the Prior Bond Resolution. Notwithstanding the foregoing, the Authority may provide that Additional Taxes shall be deposited into Additional Taxes Accounts, including a separate tax stabilization subaccount therein.

(b) Flow of Funds. The Authority shall deposit all Pledged Taxes in the Local Option Tax Accounts and shall use Pledged Taxes only for the following purposes and in the following order of priority:

First, to make all payments required to be made into the Prior Bond Account in the following order:

- (1) to pay the interest when due on the Prior Bonds (including regularly scheduled payments under any Qualified Hedge for the Prior Bonds); and
- (2) to pay maturing principal (including sinking fund redemptions) of the Prior Bonds;

Second, to make all payments required to be made into the Prior Reserve Account by the Prior Bond Resolution to meet the Prior Reserve Account Requirement and to make all payments required to be made pursuant to a reimbursement obligation in connection with a qualified letter of credit or qualified insurance with respect to the Prior Reserve Account Requirement; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Third, to make all payments required to be made into the Parity Bond Account in the following order:

(1) to pay the interest when due on Parity Bonds (including regularly scheduled payment obligations under any Qualified Hedge for the Parity Bonds);

(2) to pay the maturing principal (including sinking fund redemptions) of Parity Bonds; and

(3) to reimburse the provider of any bond insurance (other than bond insurance obtained to satisfy all or a part of the Parity Reserve Account Requirement, and other than the provider of a letter of credit, standby bond purchase agreement or other liquidity facility), if any, for payments of the principal and/or interest on Parity Bonds; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Fourth, to make all payments required to be made into the Parity Reserve Account required under any Series Resolution authorizing the issuance of Parity Bonds to meet the Parity Reserve Account Requirement and to make all payments required to be made pursuant to a reimbursement obligation in connection with bond insurance, if any, with respect to the Parity Reserve Account Requirement; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Fifth, to make all of the following required payments in the following order:

(1) to pay the interest when due on First-Tier Junior Obligations (including regularly scheduled payment obligations under any Qualified Hedge for the First-Tier Junior Obligations);

(2) to pay the maturing principal (including sinking fund redemptions) of First-Tier Junior Obligations; and

(3) to reimburse the provider of any bond insurance (other than bond insurance obtained to satisfy all or a part of any reserve account requirement for First-Tier Junior Obligations, and other than the provider of a letter of credit, standby bond



purchase agreement or other liquidity facility), if any, for payments of the principal and/or interest on First-Tier Junior Obligations; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Sixth, to make all payments required to be made to meet any reserve account requirement for First-Tier Junior Obligations and to make all payments required to be made pursuant to a reimbursement obligation in connection with bond insurance, if any, with respect to such reserve account requirement; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Seventh, to make all of the following required payments in the following order:

(1) to pay the interest when due on the TIFIA Bond and any other Second-Tier Junior Obligations (including regularly scheduled payment obligations under any Qualified Hedge for the Second-Tier Junior Obligations);

(2) to pay the maturing principal (including sinking fund redemptions) of the TIFIA Bond and any other Second-Tier Junior Obligations; and

(3) to reimburse the provider of any bond insurance (other than bond insurance obtained to satisfy all or a part of any reserve account requirement for Second-Tier Junior Obligations, and other than the provider of a letter of credit, standby bond purchase agreement or other liquidity facility), if any, for payments of the principal and/or interest on Second-Tier Junior Obligations; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Eighth, to make all payments required to be made to meet any reserve account requirement for Second-Tier Junior Obligations (including Section 15(m) of the TIFIA Loan Agreement to meet the TIFIA Reserve Account Requirement) and to make all payments required to be made pursuant to a reimbursement obligation in connection with bond insurance,

if any, with respect to such reserve account requirement; provided, that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made to the providers on a pro rata basis;

Ninth, to the payment of fees, administrative costs and other expenses of the TIFIA Lender;

Tenth, to pay costs of operating and maintaining the Authority and its System, including all of its public transportation facilities and assets, in a state of good repair;

Eleventh, to fund any termination payment in connection with a Qualified Hedge to the extent permitted in the TIFIA Loan Agreement;

Twelfth, upon the occurrence and continuation of a Revenue Sharing Trigger Event, an amount equal to the Excess Taxes for such month, for deposit into the Revenue Sharing Account; and

Thirteenth, for any lawful purposes of the Authority; provided, that the Authority may determine that items in this “Thirteenth” category shall be paid in a specified order of priority.

Additional Taxes deposited in Additional Taxes Accounts shall be used by the Authority for the purposes and in the order of priority set forth above, beginning with the paragraph “Third.”

Section 6. 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, the Motor Vehicle Tax, 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, Motor Vehicle Tax 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 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, subject 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 Resolutions.

There are hereby pledged for the payment of the TIFIA Bond (a) amounts in the TIFIA Debt Service Account, the TIFIA Reserve Account and the Construction Account, 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 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 and earnings thereon, to the extent amounts and earnings in the Local Option Tax Accounts, the Additional Taxes Accounts and the Tax Stabilization Subaccount 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 any Series Resolution authorizing the issuance of Parity Bonds or First-Tier Junior Obligations, Local Option 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 7. Future Bonds. The Authority may issue Future Bonds only in accordance with the provisions of the TIFIA Loan Agreement.

Section 8. No Acceleration. Upon the occurrence of a default under this Resolution, the TIFIA Bond or the TIFIA Loan Agreement, payment of the TIFIA Bond shall not be subject to acceleration. No Series Resolution authorizing a series of Prior Bonds, Parity Bonds, Junior Obligations or other obligations for borrowed money secured by a pledge of the Pledged Taxes shall provide that the maturity date of such Prior Bonds, Parity Bonds, Junior Obligations or other obligations may be accelerated (not including any indirect acceleration of the maturity thereof through reimbursement obligations to the provider of a credit facility occurring as a result of the mandatory tender for purchase thereof).

Section 9. No Defeasance. The Authority shall not defease the TIFIA Bond without the prior written consent of the TIFIA Lender.

Section 10. Creation of Accounts. The Authority is authorized to create the accounts described in and for the purposes described in the TIFIA Loan Agreement, including the Construction Account, the Revenue Sharing Account, the TIFIA Debt Service Account and the TIFIA Reserve Account.

Section 11. Contract; Severability. The covenants or agreements contained in this Resolution shall constitute a contract between the Authority and the TIFIA Lender. If any one or

**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 R2014-30 (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 20th day of November, 2014, 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 20th day of November, 2014.



\_\_\_\_\_  
Board Administrator

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 12. General Authorization. Each of the Chief Executive Officer and the Executive Director, Finance and Information Technology, or his or her designee or designees, is individually authorized to take such actions and to execute such documents as in his or her judgment may be necessary or desirable to carry out the transactions contemplated in connection with this Resolution, and to do everything necessary or desirable (a) for the prompt delivery of the TIFIA Bond to the TIFIA Lender, (b) for the proper application, use and investment of the proceeds of the TIFIA Bond, or (c) to comply in all respects with the provisions of the TIFIA Bond or the TIFIA Loan Agreement.

Section 13. Ratification of Prior Acts. Any action taken consistent with the authority but prior to the effective date of this Resolution is ratified, approved, and confirmed.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held the 20th day of November, 2014.

  
\_\_\_\_\_  
Dow Constantine  
Board Chair

ATTEST:

  
\_\_\_\_\_  
Marcia Walker  
Board Administrator