SOUNDTRANSIT

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

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

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

Proposed action

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

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

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

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

Key features summary

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

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

Background

Current TIFIA Loans

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

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

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

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

Hilltop Tacoma Link Extension Project loan principal amount and maturity

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

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

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

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

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

Interest rate

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

Source of payment

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

Existing covenants

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

Reporting, monitoring and compliance with laws

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

Requirements for issuing additional bonds

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

Prepayment if no capital program being implemented

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

Fiscal information

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

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

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

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

Prior Board/Committee actions

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

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

Environmental review – KH 4/19/23

Legal review – MT 4/21/23

SOUND TRANSIT

RESOLUTION NO. R2023-10

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority authorizing the issuance of the not to exceed $79,250,877 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2023T-1 (NE 130th Street Infill Station Project: TIFIA – 2023 – 1007A), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

ADOPTED: April 27, 2023

FG: 100901665.3

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SOUND TRANSIT

RESOLUTION NO. R2023-10

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority authorizing the issuance of the not to exceed $79,250,877 (plus capitalized interest thereon) sales tax and motor vehicle excise tax bond, series 2023T-1 (NE 130th Street Infill Station Project: TIFIA – 2023 – 1007A), to evidence the payment obligations of the Authority pursuant to a TIFIA loan agreement between the Authority and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau; and providing for other matters properly relating thereto.

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 or the Parity Bond Master Resolution (each as defined herein), as applicable. 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:

"1996 Motor Vehicle Tax" means the Motor Vehicle Tax approved at an election held on November 5, 1996 and levied by the Authority at the rate of 0.3%.

"1999 Prior Bonds" means the Authority's Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999.

"2009 Parity Bonds" means the Authority's Sales Tax Bonds, Series 2009S-2T (Taxable Build America Bonds – Direct Payment).

"2009 Prior Bonds" means the Authority's Sales Tax and Motor Vehicle Excise Tax Bonds, Series 2009P-2T (Taxable Build America Bonds – Direct Payment).

"2015 Parity Bonds" means the Authority's Sales Tax Improvement and Refunding Bonds, Series 2015S-1, Series 2015S-2A and Series 2015S-2B (Green Bonds).

"2016 Parity Bonds" means the Authority's Sales Tax and Motor Vehicle Excise Tax Bonds, Series 2016S-1.

"2021 Parity Bonds" means the Authority's Sales Tax and Motor Vehicle Excise Tax Improvement and Refunding Bonds, Series 2021S-1 (Green Bonds).

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

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

"Authority" means the Central Puget Sound Regional Transit Authority, d/b/a Sound Transit, a regional transit authority created under the laws of the State of Washington.

"Board" means the Board of Directors of the Authority.

"Designated Authority Representative" means the officer of the Authority appointed in Section 3(a) of this Resolution to serve as the Authority's designated representative in accordance with RCW 39.46.040.

"DRLE Resolution" means Resolution No. R2021-03, adopted by the Board on June 24, 2021.

"First Tier Junior Obligations" means obligations of the Authority issued pursuant to a Series Resolution and in accordance with Section 16(b) (*Issuance of Future Bonds*) of the TIFIA Loan Agreement, and secured by a pledge of or payable from the Pledged Taxes as described in paragraphs "Fifth" and "Sixth" in Section 6(b) of this Resolution, subordinate to the pledge that secures the Parity Bonds but senior to the pledge that secures the Second Tier Junior Obligations (including the TIFIA Bond).

"Future Parity Bonds" means any bonds, notes, or other obligations of the Authority issued pursuant to a Series Resolution and in accordance with Section 16(b) (*Issuance of Future Bonds*) of the TIFIA Loan Agreement, and secured by a pledge of or payable from the Pledged Taxes as described in paragraphs "Third" and "Fourth" in Section 6(b) of this Resolution, which are expressly stated to be secured by a pledge of Pledged Taxes on an equal and ratable basis with the Pledged Taxes required to be paid into the Parity Bond Account to pay and secure the payment of the principal of and interest on Parity Bonds then outstanding.

"Future Prior Bonds" means any bonds, notes, or other obligations of the Authority issued pursuant to a Series Resolution and in accordance with Section 16(b) (*Issuance of Future Bonds*) of the TIFIA Loan Agreement, and secured by a pledge of or payable from the Local Option Taxes as described in paragraphs "First" and "Second" in Section 6(b) of this Resolution, which are expressly stated to be secured by a pledge of Local Option Taxes on an equal and ratable basis with the Local Option Taxes required to be paid into the Local Option Tax Accounts to pay and secure the payment of the principal of and interest on the Prior Bonds then outstanding.

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

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

"NE 130th Street Infill Station Project" means the design and construction of a new elevated, side platform light rail station located in NE 130th Street and I-5 in north Seattle, King County, including the construction of the station platforms and canopies, plaza, other station finishes, right-of-way improvements, bus and paratransit transfer facilities, sidewalk, and bicycle infrastructure. The station is located along the Lynnwood Link Extension light rail alignment and will serve a growing residential neighborhood between Northgate (Seattle) and Shoreline South/148th stations.

"Outstanding TIFIA Bond" means each of the following, each issued by the Authority:

(a) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (DRLE Project: TIFIA – 2021 – 1006A), dated September 10, 2021, in the maximum principal amount (excluding capitalized interest) of $520,981,378, bearing interest at the rate of 1.91% per annum, and stated to mature on November 1, 2059, authorized to be issued pursuant to the DRLE Resolution;

(b) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (Federal Way Link Extension Project: TIFIA – 2021 – 1013A), dated September 10, 2021, in the maximum principal amount (excluding capitalized interest) of $629,472,431, bearing interest at the rate of 1.91% per annum, and stated to mature on May 1, 2059, authorized to be issued pursuant to the TIFIA Refunding Resolution;

(c) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (Lynnwood Link Extension Project and O&M Facility East Project: TIFIA – 2021 – 1014A), dated September 10, 2021, in the maximum principal amount (excluding capitalized interest) of $657,863,164, bearing interest at the rate of 1.91% per annum, and stated to mature on May 1, 2059, authorized to be issued pursuant to the TIFIA Refunding Resolution;

(d) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (East Link Light Rail Project: TIFIA – 2021 – 1019A), dated September 10, 2021, in the maximum principal amount (excluding capitalized interest) of $1,330,000,000, bearing interest at the rate of 1.91% per annum, and stated to mature on November 1, 2058, authorized to be issued pursuant to the TIFIA Refunding Resolution;

(e) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (O&M Facility East Project: TIFIA – 2021 – 1018A), dated September 10, 2021, in the maximum principal amount (excluding capitalized interest) of $87,663,515, bearing interest at the rate of 1.91% per annum, and stated to mature on November 1, 2055, authorized to be issued pursuant to the TIFIA Refunding Resolution; and

(f) Sales Tax and Motor Vehicle Excise Tax Bond, Series 2021T-1 (Northgate Link Extension Project: TIFIA – 2021 – 1017A), dated September 10, 2021, in the maximum principal

amount (excluding capitalized interest) of $615,267,000, bearing interest at the rate of 1.91% per annum, and stated to mature on November 1, 2056, authorized to be issued pursuant to the TIFIA Refunding Resolution.

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

"Parity Bonds" means the 2009 Parity Bonds, the 2015 Parity Bonds, the 2016 Parity Bonds, the 2021 Parity Bonds, and any Future Parity Bonds.

"Pledged Account" means each of the TIFIA Debt Service Account, the TIFIA Reserve Account, the Revenue Sharing Account, and the Construction Account.

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

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

"Prior Bond Resolution" means Resolution No. 98-47 of the Board, as amended, supplemented, or restated from time to time, including as amended and restated by Resolution

No. R2009-15 adopted on September 10, 2009, and by Resolution No. R2012-14 adopted on June 28, 2012, and as further amended by Resolution No. R 2012-15 adopted on July 23, 2015, and by Resolution No. R2016-34 adopted on November 29, 2016, and restated by Resolution No. R2016-35 adopted on November 29, 2016.

"Prior Bonds" means the 1999 Prior Bonds, the 2009 Prior Bonds, and any Future 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, the Outstanding TIFIA Bonds, and any other obligations of the Authority secured by a pledge of or payable from the Pledged Taxes on a parity with the pledge that secures the TIFIA Bond.

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

"ST3 Sales Tax" means the additional sales and use tax authorized by RCW 81.104.170 and, subject to voter approval pursuant to Resolution No. R2016-17, adopted by the Board on June 23, 2016, fixed, levied, and imposed on November 29, 2016, for collection commencing January 1, 2017, at the rate of 0.5 percent.

"TIFIA Bond" means the sales tax and motor vehicle excise tax bond authorized to be issued pursuant to this Resolution, the terms of which are as set forth in the TIFIA Loan Agreement.

"TIFIA Lender" means the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau.

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

"TIFIA Loan Agreement" means the TIFIA Loan Agreement to be entered into between the TIFIA Lender and the Authority, authorized to be executed, delivered, and performed pursuant to this Resolution, which provides for, subject to the terms and conditions set forth in the TIFIA Loan Agreement, a TIFIA Loan, with the TIFIA Loan to be evidenced by the TIFIA Bond.

"TIFIA Refunding Resolution" means Resolution No. R2021-04, adopted by the Board on June 24, 2021.

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

(a) The Board, pursuant to RCW 81.112.130, 81.112.140, and 81.104.180 and the Prior Bond Resolution and Resolution No. 98-48, authorized the issuance of Prior Bonds, secured by a pledge of the Local Option Taxes, to finance improvements for the purpose of providing high-capacity transportation service, and further authorized the issuance of additional Prior Bonds.

(b) The Board, pursuant to RCW 81.112.130, 81.112.140, and 81.104.180 and Resolution Nos. R2009-16 and R2009-18, authorized the issuance of Parity Bonds, secured by a pledge of the Pledged Taxes 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 to refund certain then-outstanding bonds of the Authority, and further authorized the issuance of additional Parity Bonds.

(c) Pursuant to Resolution No. R2016-16, adopted by the Board on June 23, 2016, the Board authorized and adopted the Sound Transit 3 Plan as a regional transit system plan to provide additional high capacity transportation facilities in the central Puget Sound region.

(d) Pursuant to Resolution No. R2016-17, adopted by the Board on June 23, 2016, subject to voter approval, the Board fixed, levied, and imposed the ST3 Sales Tax and the ST3 Motor Vehicle Tax on November 29, 2016, for collection commencing January 1, 2017.

(e) The Board, pursuant to Resolution No. R2016-33, designated the ST3 Motor Vehicle Tax and ST3 Sales Tax as Adopted Prior Rate Adjustments, included such taxes as Local Option Taxes, and pledged such taxes to the payment of the Prior Bonds.

(f) The Board, pursuant to Resolution No. R2016-32, (i) pledged the 1996 Motor Vehicle Tax to the payment of Parity Bonds and Junior Obligations and (ii) designated the ST3 Motor Vehicle Tax and ST3 Sales Tax as Adopted Parity Rate Adjustments, included such taxes as Pledged Taxes, and pledged such taxes to the payment of the Parity Bonds and Junior Obligations.

(g) The pledges of taxes made herein and other provisions of this Resolution will benefit the Authority and the TIFIA Lender.

Section 3. Designation of Designated Authority Representative; Authorization and Description of TIFIA Bond.

(a) *Designated Authority Representative*. Each of the Chief Executive Officer, either Deputy Chief Executive Officer and the Chief Financial Officer of the Authority is appointed as the Designated Authority Representative and is authorized and directed to conduct the sale of the TIFIA Bond in the manner and upon the terms deemed most advantageous to the Authority, and to approve the terms of the TIFIA Loan Agreement and the TIFIA Bond within the parameters set forth in this Resolution.

(b) *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 $79,250,877 (plus capitalized interest thereon) to pay or reimburse a portion of the Eligible Project Costs related to the NE 130th Street Infill Station 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 specified in the TIFIA Loan Agreement. The TIFIA Bond shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity as published on the Effective Date in the TIFIA Loan Agreement 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 exceed 5.25% per annum. 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. Payment of principal of and interest on the TIFIA Loan shall be made as specified in the TIFIA Loan Agreement, and as recorded on Exhibit F to the TIFIA Loan Agreement, as such exhibit may be amended in accordance with the terms of the TIFIA Loan Agreement.

Section 4. Security for the TIFIA Bond. The TIFIA Bond shall be a Second Tier Junior Obligation secured by the TIFIA Lien on Pledged Taxes, the Pledged Taxes Accounts and the Pledged Accounts. The 1996 Motor Vehicle Tax, the ST3 Sales Tax, and the ST3 Motor Vehicle Tax are pledged to the payment of the TIFIA Bond. Such pledge of the Pledged Taxes and the Pledged Taxes Accounts to the payment of the TIFIA Bond for the benefit of the TIFIA Lender is subject to the prior pledges that have been and may hereafter be created in favor of the Prior Bonds, the Parity Bonds, the First Tier Junior Obligations, and any other obligations of the Authority issued or incurred in accordance with the provisions of the Prior Bond Resolution, the Parity Bond Master Resolution, and the TIFIA Loan Agreement and secured by a pledge of or payable from the Local Option Taxes or the Pledged Taxes as described in paragraphs "First" through "Sixth" in Section 6(b) of this Resolution.

Section 5. Approval of TIFIA Loan Agreement. The Authority has negotiated the proposed form of the TIFIA Loan Agreement with the TIFIA Lender in the form of the draft thereof dated March 23, 2023, for the Hilltop Tacoma Link Extension Project, which is on file with the Administrator of the Board and is incorporated herein by this reference. The Board finds that execution, delivery, and performance by the Authority of the proposed TIFIA Loan Agreement in substantially similar form with the TIFIA Loan Agreement for the Hilltop Tacoma Link Extension Project on file with the Administrator of the Board (as may be amended or supplemented from

time to time) are 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 with such changes to reference the NE 130th Street Infill Station Project, in which the same interest rate as determined for the TIFIA Bond pursuant to Section 3 of this Resolution shall be inserted on the Effective Date in the TIFIA Loan Agreement as the interest rate on the TIFIA Loan, and with such other changes or supplements to the form of the TIFIA Loan Agreement on file with the Administrator of the Board, if any, as are approved by the Designated Authority Representative (such approval to be conclusively evidenced by the execution and delivery thereof), and authorizes its execution and delivery on behalf of the Authority by the Designated Authority Representative.

Section 6. 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 6(b) of this Resolution, and subject to the requirements set forth in the Prior Bond Resolution and the Parity Master Bond Resolution. 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*. Pledged Taxes deposited in the Local Option Tax Accounts shall be used by the Authority only for the following purposes and in the following order of priority. Additional Taxes deposited in the Additional Taxes Accounts shall be applied by the Authority for the purposes and in the order of priority set forth below, beginning with paragraph "Third."

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 such 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 Credit Facility (other than a Credit Facility obtained to satisfy all or a part of the Parity Reserve Account Requirement, and other than the provider of a 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 such reimbursement agreements, the payments will be made to the providers on a pro rata basis;

Fourth, to make all payments required to be made (i) into the Parity Reserve Account under any Series Resolution authorizing the issuance of Parity Bonds that are Covered Parity Bonds to meet the Parity Reserve Account Requirement for Covered Parity Bonds and (ii) into a separate reserve account or into a subaccount within the Parity Reserve Account established in

a Series Resolution for one or more Series of Parity Bonds that are not Covered Parity Bonds; and to make all payments required to be made pursuant to a reimbursement obligation in connection with a Credit Facility, if any, with respect to the Parity Reserve Account Requirement; provided that, if there is not sufficient money to make all payments under all such Parity Bond reserve account 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 (provided that the Authority may specify that payments relating to First Tier Junior Obligations specified in this paragraph "Fifth" and/or in paragraph "Sixth" be made in any other order or priority):

(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 Credit Facility (other than a Credit Facility obtained to satisfy all or a part of any reserve account requirement for First Tier Junior Obligations, and other than the provider of a 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 such reimbursement agreements, the payments will be made to the providers on a pro rata basis;

Sixth, to make all payments required to be made (i) to meet any reserve account requirement for First Tier Junior Obligations and (ii) pursuant to a reimbursement obligation in connection with a Credit Facility, if any, with respect to such reserve account requirement; provided that, if there is not sufficient money to make all payments under all such reserve account 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 Credit Facility (other than a Credit Facility obtained to satisfy all or a part of any reserve account requirement for Second Tier Junior Obligations, and other than the provider of a 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 such 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 the TIFIA Bond or any other Second Tier Junior Obligations (including payments required to be made into the TIFIA Reserve Account pursuant to Section 15(k) (*Funds and Accounts*) 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 a Credit Facility, if any, with respect to such reserve requirement; provided that, if there is not sufficient money to make all payments under all such reserve account reimbursement agreements, the payments will be made 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 purpose of the Authority; provided, that the Authority may determine that items in this "Thirteenth" category shall be paid in a specified order of priority.

Section 7. Pledge of Pledged Taxes. From and after the issuance and delivery of the TIFIA Bond and for so long as the TIFIA Bond remains outstanding, the Authority irrevocably obligates and binds itself to impose, collect, and deposit all Pledged Taxes into the Local Option Tax Accounts and the Additional Taxes Accounts, as applicable. All Second Tier Junior Obligations now or hereafter outstanding shall be equally and ratably payable and secured hereunder and under each Series Resolution authorizing their issuance without priority by reason of date of adoption of any such Series Resolution or by reason of their date of sale or delivery; provided, that any Second Tier Junior Obligations also may be payable from and secured by credit enhancement specifically pledged to or provided for those Second Tier Junior Obligations. The Authority may also, at its sole option, apply amounts legally available from any other source to the payment of Second Tier Junior Obligations or to make the deposits required hereunder. The Authority expressly reserves the right (but is not obligated) to include and pledge Additional Taxes, and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment, as "Pledged Taxes." The Board has determined that the future inclusion of such Additional Taxes and/or receipts resulting from an Adopted Pledged Taxes Rate Adjustment as Pledged Taxes will benefit the Authority and the owners of Second Tier Junior Obligations.

The TIFIA Bond is a special limited obligation of the Authority payable from and secured solely by the TIFIA Lien with respect to the Pledged Taxes, the Pledged Taxes Accounts, and the Pledged Accounts and subject, with respect to the Pledged Taxes and the Pledged Taxes Accounts, to the prior pledges that have been and may hereafter be created in favor of the Senior Obligations. The TIFIA Bond is a "Subordinate Obligation" as that term is defined by and under the Prior Bond Resolution and the Parity Bond Master Resolution.

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

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

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

Section 8. Future Bonds. The Authority may issue Future Bonds only in accordance with the provisions of the TIFIA Loan Agreement.

Section 9. No Acceleration. Upon the occurrence of a default under this Resolution, the TIFIA Bond, or the TIFIA Loan Agreement, no payment of the TIFIA Bond shall 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 Local Option Taxes or 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 10. No Defeasance. The Authority shall not defease the TIFIA Bond without the prior written consent of the TIFIA Lender.

Section 11. Creation of Accounts. The Authority is authorized to create, if necessary, and maintain the accounts described in and for the purposes described in the TIFIA Loan Agreement, including the Pledged Accounts, and the Authority is hereby directed to create the Pledged Accounts, to the extent not already created.

Section 12. 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 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 13. General Authorization. Each Designated Authority Representative, or respective designee or designees of such Designated Authority Representative, is individually authorized to take such actions and to execute such documents as in the judgment of such officer may be necessary or desirable to carry out the transactions contemplated in connection with this Resolution, and 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 and the TIFIA Loan Agreement.

Section 14. Authorized Budget Amendments. The Chief Financial Officer of the Authority is authorized and directed to determine the fees and expenses that will be payable in

connection with the execution and delivery of the TIFIA Bond and the TIFIA Loan Agreement and to amend or cause to be amended the Authority's adopted budgets to include such amounts.

Section 15. 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 16. Effective Date. This Resolution shall take effect immediately upon its adoption.

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

Dow Constantine
Board Chair

ATTEST:

Kathryn Flores
Board Administrator

CERTIFICATE

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

1. That the attached resolution numbered R2023-10 (the "Resolution") is a true and correct copy of a resolution of the Authority, as finally adopted at a regular meeting of the Board held on the 27th day of April, 2023, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Authority this 27th day of April, 2023.

Kathryn Flores
Board Administrator

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY
SEAL

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