

SOUND TRANSIT

RESOLUTION NO. R98-47 and R98-48

Bond Resolutions and Related Documents BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	Nov 5	Recommend Board Approval	Jan Hendrickson	689-3148
Board	Nov 12	Approval		

ACTION:

A resolution authorizing the issuance of sales and motor vehicle excise tax bonds by Sound Transit.

BACKGROUND:

Sound Move assumed the issuance of \$1.1 billion (1995 dollars) in bonds to finance the plan. To take advantage of current low interest rates, Sound Transit staff and the agency's financial advisors are recommending the issuance of \$200 million - \$400 million in bonds before the end of 1998.

In order to issue bonds, the Board must approve a Master Bond Resolution and a Series Bond Resolution. The Master Resolution authorizes the issuance of a series of bonds, possibly over the course of the 10-year Sound Transit program, with the identical pledge of revenues and other bond covenants. The Series Resolution details necessary authorization for the bonds to be sold this year.

In addition, the Series Resolution delegates to the Executive Director the ability to sign a Bond Purchase Agreement with the bond underwriters and to set pricing and terms for the bonds. The Resolution also approves the Preliminary Official Statement as a summary of the bonds and key provisions, to be distributed to bond buyers. The Bond Purchase Contract and Preliminary Official Statement will be mailed separately to the Board.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Adoption of *Sound Move*, the Ten-Year Regional Transit System Plan (May 31, 1996)
- ◆ Resolution No. 82, the Board authorized the imposition of the Local Option Taxes and authorized the State of Washington to collect and transfer such taxes to the Authority, beginning on April 1, 1997;
- ◆ Resolution No. R98-49 adopting the 1999 Budget (to be considered November 12, 1998).

KEY FEATURES:

Master Resolution

The Master Resolution authorizes the issuance of one or more series of bonds.

- Authorizes the issuance of bonds by a Series Resolution.
- Requires the Authority to impose motor vehicle tax at 0.3% for the life of the bonds.
- Requires the Authority to impose sales and use tax at 0.4% for the life of the bonds; however, if the Authority can generate enough revenue to pay 2.0 times annual debt service coverage, the Authority may roll back the sales and use tax to 0.3%.
- Pledges motor vehicle excise tax and sales and use tax to the repayment of the bonds.
- Requires motor vehicle excise tax and sales and use tax to be used in the following order:
 1. first, to pay bonds,
 2. second, to replenish any deficit in any reserve account,
 3. third, for junior lien bonds,
 4. fourth, for operations and maintenance, and
 5. fifth, for any lawful purpose of the agency.
- Prevents the Authority from issuing additional bonds unless the Authority can generate enough revenue to pay 2.0 times maximum debt service coverage.
- Establishes accounts including:
 1. the Local Option Tax Accounts, into which the Authority deposits Local Option Taxes;
 2. the Bond Account, from which the Authority will make payments on the bonds;
 3. the Reserve Account, into which the Authority will deposit bond proceeds to use as a reserve for making payments on the bonds (equal to 50% of maximum annual debt service); and
 4. the Tax Stabilization Subaccount, which the Authority may use to save money in anticipation of a sales tax rollback.
- Authorizes the execution of interest rate and currency swap agreements to hedge risk.
- Provides for the appointment of a bondholders' trustee if the Authority defaults in payment.
- Authorizes the bonds to be defeased or refunded.
- Authorizes the issuance of junior lien bonds.

Series Resolution

The Series Resolution authorizes the issuance of a particular series of bonds under the Master Resolution

- Establishes the general purpose for which the series of bonds is issued.
- Establishes the maximum principal amount of not to exceed \$400 million, and establishes maturity of the bonds and interest rate maximum.
- Delegates to the Executive Director the authority to determine within the limits established the principal amount, date of issuance, maturity schedule, interest rates, and redemption provisions.

- Approves the form of and authorizes the Executive Director or Finance Director to execute the Bond Purchase Contract.
- Approves the form of and authorizes the Executive Director or Finance Director to approve the Official Statement.
- Requires the Authority to maintain the tax-exempt status of the bonds.
- Authorizes bond insurance.
- Establishes the bond registrar and paying agent for the series of bonds.
- Establishes the form of the bonds.

Bond Purchase Contract

The Bond Purchase Contract is the agreement between the Authority and the bond underwriters by which the underwriters agree to purchase the bonds prior to closing and to offer those bonds to investors.

- Confirms the terms of the bonds, including principal amounts, maturities, interest rates, and redemption provisions.
- Requires the underwriters to purchase the bonds at closing upon the agreed terms unless external events occur that make the marketing of the bonds impracticable.
- Requires the Authority to certify that the Authority has power to issue the bonds and that the Official Statement is complete and accurate in all material respects.
- Requires the bonds to be rated.
- Requires the Authority's auditors to consent to the use of the financial statements in the Official Statement.

Official Statement

The Official Statement is the document by which underwriters offer bonds to potential investors.

- Describes the bonds, the Master Resolution, and the Series Resolution.
- Describes the Authority's history, plan of finance, operations, personnel, and policies.
- Describes the area's economy.
- Confirms the forms of opinions, certificates, and documents to be provided at closing.

FUNDING:

The bonds will be repaid from sales tax and motor vehicle tax revenues during the term of the bonds.

ALTERNATIVES:

The Board could choose to delay the sale of bonds until the fall of 1999, at which point the agency is projected to begin to run negative cash balances which would require borrowing funds.

CONSEQUENCES OF DELAY:

If the Board were not to take action at this point, the sale of bonds would be delayed until 1999. During that period, the agency would be exposed to interest rate risk—as interest rates may go higher or lower during that period.

LEGAL REVIEW:

The Legal Department, the agency's Bond Counsel (Preston Gates and Ellis and Aoki & Sakamoto), disclosure counsel (Foster Pepper and Shefelman and Law Offices of Kenneth Burton), and counsel for the underwriters (Chapman and Cutler) have authored and/or reviewed all bond related documents.

SERIES RESOLUTION

RESOLUTION NO. R98-48

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF SALES TAX AND MOTOR VEHICLE EXCISE TAX BONDS, SERIES 1999, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$400,000,000 TO PAY A PORTION OF THE COST OF THE AUTHORITY'S REGIONAL TRANSIT SYSTEM PLAN; FIXING THE DATE, FORM, AND TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS.

ADOPTED: NOVEMBER 12, 1998

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RESOLUTION NO. R98-48

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF SALES TAX AND MOTOR VEHICLE EXCISE TAX BONDS, SERIES 1999, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$400,000,000 TO PAY A PORTION OF THE COST OF THE AUTHORITY'S REGIONAL TRANSIT SYSTEM PLAN; FIXING THE DATE, FORM, AND TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF 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 ("Bonds") in one or more series pursuant to Resolution No. R98-47, adopted on November 12, 1998 (the "Master Resolution") in order to pay a portion of the costs of the Authority's Regional Transit System Plan; and

WHEREAS, the issuance of Bonds must be approved by resolution; and

WHEREAS, it is necessary that the date, form, terms and maturities of the initial Series of Bonds under the Master Resolution be fixed as provided in this Series Resolution; and

WHEREAS, it is deemed necessary and desirable that such Series of Bonds be sold pursuant to negotiated sale;

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

Section 1. Definitions. Unless otherwise defined herein, the terms used in this Series Resolution, including the preamble hereto, which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this Series Resolution:

"Bond Purchase Contract" means the Bond Purchase Contract between the Authority and the Underwriters.

“Bond Register” means the registration records for the Series 1999 Bonds maintained by the Registrar.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 1999 Bonds, or any successor or substitute depository.

“Letter of Representations” means the blanket issuer letter of representations from the Authority to DTC.

“Master Resolution” means Resolution No. R98-47 of the Board adopted on November 12, 1998, as the same may hereafter be amended in accordance with its terms.

“Project Account, 1999” means the account by that name created for the purpose of holding certain proceeds of the Series 1999 Bonds.

“Rebate Amount” means the amount, if any, determined to be payable with respect to the Series 1999 Bonds by the Authority to the United States of America pursuant to Section 148 of the Code, calculated in accordance with the Tax Agreement.

“Registrar” means, collectively, the fiscal agency of the State of Washington in Seattle, Washington, and New York, New York, for the purposes of registering and authenticating the Series 1999 Bonds, paying the Series 1999 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 1999 Bonds. The term “Registrar” shall include any successor to the fiscal agency hereinafter appointed by the Finance Director.

“Series 1999 Bonds” means the Central Puget Sound Regional Transit Authority Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999, authorized to be issued by Section 2 of this Series Resolution.

“Tax Agreement” means the Tax and Arbitrage Certification issued by the Authority at the time of issuance of the Series 1999 Bonds setting forth the methodology for computation of the Rebate Amount and requirements for compliance with the Code.

“Underwriters” mean, collectively, Goldman, Sachs & Co., Lehman Brothers Inc., Salomon Smith Barney Inc., and E. J. De La Rosa & Co., Inc.

Section 2. Authorization of Series 1999 Bonds. The Authority shall issue the Series 1999 Bonds in the principal amount of not to exceed \$400,000,000 for the purpose of providing part of the funds necessary to (i) pay the costs of the Projects described in Exhibit A hereto or other capital purposes of the Authority, (ii) fund the Reserve Account Requirement upon the issuance of the Series 1999 Bonds, and (iii) pay all costs of issuing the Series 1999 Bonds, including the premium for any bond insurance policy for the Series 1999 Bonds.

Section 3. Bond Details. The Series 1999 Bonds shall be designated as “The Central Puget Sound Regional Transit Authority Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided that no Series 1999 Bond shall represent more than one maturity, shall bear interest from their date until the Series 1999 Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each February and August beginning on August 1, 1999, and shall mature on February 1 in the years established in accordance with this section.

The Board hereby authorizes the Executive Director of the Authority or, if the Executive Director is unavailable, the Finance Director, to establish the following terms of the Series 1999 Bonds: (1) the interest rates, which shall result in a true interest cost that does not exceed 6.00%

per annum, (2) the aggregate principal amount of the Series 1999 Bonds, which shall not exceed \$400,000,000, (3) their dated date, (4) the principal amounts maturing in any year, provided that (a) the final maturity shall not be later than 2035 and (b) certain Series 1999 Bonds may be Term Bonds, as provided in Section 4(b), subject to mandatory sinking fund redemption, and (5) the terms for redeeming any Series 1999 Bonds redeemable in advance of their maturity, as provided in Section 4(a). This delegation shall expire on March 1, 1999.

The Series 1999 Bonds shall be Bonds and shall be payable and secured as provided herein and in the Master Resolution.

Section 4. Redemption and Purchase.

(a) *Optional Redemption.* Any or all of the Series 1999 Bonds may be subject to redemption prior to their maturity at the times and prices approved by the Executive Director of the Authority or, if the Executive Director is unavailable, the Finance Director; provided, that any Series 1999 Bonds that are subject to optional redemption shall be first subject to optional redemption no later than 12 years from their dated date and at prices not exceeding 102% of par, plus accrued interest to the date fixed for redemption.

(b) *Mandatory Redemption.* The Executive Director of the Authority or, if the Executive Director is unavailable, the Finance Director may designate certain Series 1999 Bonds to be Term Bonds. Unless previously redeemed pursuant to the foregoing optional redemption provisions, any Series 1999 Term Bonds shall be subject to mandatory redemption on February 1 of the designated years at a price of par plus accrued interest to the redemption date.

(c) *Purchase of Series 1999 Bonds for Retirement.* The Authority reserves the right to use at any time any money on deposit in the Local Options Tax Accounts available after providing for the payments required by paragraph First through Fourth of Section 2(b) of the

Master Resolution to purchase for retirement any of the Series 1999 Bonds offered to the Authority at any price deemed reasonable by the Finance Director.

(d) *Effect of Optional Redemption/Purchase.* To the extent that the Authority optionally redeems or purchases any Term Bonds, the Authority shall reduce the principal amount of the Term Bonds of the same maturity in like aggregate principal amount. Such reduction may be applied to reduce the amount of any one or more mandatory sinking fund redemptions applicable to such Term Bonds, as specified by the Designated Authority Representative.

(e) *Partial Redemption.* If less than a whole of a maturity is called for redemption, the Series 1999 Bonds to be redeemed shall be chosen randomly in integral multiples of \$5,000 by the Registrar or, so long as the Series 1999 Bonds are registered in the name of Cede & Co. or its registered assign, by DTC as provided in the Letter of Representations. If less than all of the principal amount of any Series 1999 Bonds is redeemed, upon surrender of such Bond at the principal corporate trust office of the Registrar, there shall be issued to the Owner, without charge, for the then unredeemed balance of the principal amount, a new Bond or Bonds, at the option of the Owner, of like maturity and interest rate in any authorized denomination.

(f) *Notice of Redemption.* Written notice of any redemption of Series 1999 Bonds shall be given by the Registrar on behalf of the Authority by first class mail, postage prepaid, not less than 30 days nor more than 60 days before the redemption date to the Owners of Series 1999 Bonds that are to be redeemed at their last address shown on the Bond Register. So long as the Series 1999 Bonds are in book-entry form, notice of redemption shall be given as provided in the Letter of Representations. The Bond Registrar shall provide additional notice of redemption in accordance with section (c) of Exhibit A to the Master Resolution. The

requirements of this section shall be deemed complied with when notice is mailed, whether or not it is actually received by the Owner.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Series 1999 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Series 1999 Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each Series 1999 Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) that the Series 1999 Bonds are to be surrendered for payment at the principal corporate trust office of the Registrar, (6) the CUSIP numbers of all Series 1999 Bonds being redeemed, (7) the dated date of the Series 1999 Bonds, (8) the rate of interest for each Series 1999 Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Series 1999 Bonds being redeemed.

Upon the payment of the redemption price of Series 1999 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Series 1999 Bonds being redeemed with the proceeds of such check or other transfer.

(g) *Effect of Redemption.* Unless the Authority has revoked a notice of redemption, the Authority shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar, will be sufficient to redeem, on the redemption date, all the Series 1999 Bonds to be redeemed. Provided that sufficient money has been so transferred to, and is held by, the Registrar, from and after the redemption date interest on each Series 1999 Bond to be redeemed shall cease to accrue.

(h) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and

the persons designated to receive notices, may be amended without the consent of any Owners of Series 1999 Bonds by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 1999 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 1999 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 1999 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 1999 Bonds are no longer in fully immobilized form, interest on the Series 1999 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to any Owner of such Series 1999 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) on the interest payment date to the Owners of the Series 1999 Bonds at the addresses for such Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 1999 Bonds shall be payable upon presentation and surrender of such Series 1999 Bonds by the Owners at the principal corporate trust office of the Registrar.

All such payments made as described in this Section shall be valid and shall satisfy the liability of the Authority upon such Series 1999 Bond to the extent of the amount or amounts so paid.

If any Series 1999 Bond shall be duly presented for payment and funds have not been duly provided by the Authority on such date, then interest shall continue to accrue thereafter on

the unpaid principal at the rate stated on such Series 1999 Bond until such Series 1999 Bond is paid.

Section 6. Registration.

(a) *Registrar/Bond Register.* The Authority hereby appoints the fiscal agency of the State of Washington as the Registrar for the Series 1999 Bonds. The Authority shall cause the Bond Register to be maintained by the Registrar. So long as any Series 1999 Bonds remain Outstanding, the Registrar shall permit the exchange and registration of transfer of Series 1999 Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Registrar, the Series 1999 Bond insurer, if any, DTC, each NRMSIR and the SID, if any (as defined in Exhibit A to the Master Resolution), and a successor Registrar appointed by the Finance Director. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Authority, to authenticate and deliver Series 1999 Bonds transferred or exchanged in accordance with the provisions of such Series 1999 Bonds and this Series Resolution and to carry out all of the Registrar's powers and duties under this Series Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 1999 Bonds.

(b) *Ownership.* Except as may be provided in the bond insurance policy for the Series 1999 Bonds, the Authority and the Registrar may deem and treat the Owner of each Series 1999 Bond as the absolute owner thereof for all purposes and neither the Authority nor the Registrar shall be affected by any notice to the contrary.

(c) *DTC Acceptance/Letter of Representations.* The Series 1999 Bonds shall initially be held in fully immobilized form by DTC. To induce DTC to accept the Series 1999

Bonds as eligible for deposit at DTC, the Finance Director is authorized to execute and deliver to DTC the Letter of Representations.

Neither the Authority nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 1999 Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Series 1999 Bonds, any notice which is permitted or required to be given to Owners under this Series Resolution (except such notices as shall be required to be given by the Authority to the Registrar or to DTC), or any consent given or other action taken by DTC as the Owner. For so long as any Series 1999 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Owner for all purposes hereunder, and all references herein to the Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the beneficial owners.

(d) *Use of Depository.*

(i) The Series 1999 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 1999 Bond maturing on each of the maturity dates for the Series 1999 Bonds in a denomination corresponding to the total principal designated to mature on such date. Registered ownership of such immobilized Series 1999 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Authority pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) 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 to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Authority may hereafter 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.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 1999 Bonds, together with a written request on behalf of the Authority, issue a single new Series 1999 Bond for each maturity of the Series 1999 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Authority.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Authority determines that it is in the best interest of the beneficial owners of the Series 1999 Bonds that such Series 1999 Bonds will be provided in certificated form, the ownership of such Series 1999 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Authority shall deliver a written request to the Registrar, together with a supply of definitive Series 1999 Bonds, to issue Series 1999 Bonds in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 1999 Bonds, together with a written request on behalf of the Authority to the Registrar, new Series 1999 Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The registered ownership of any Series 1999 Bond may be transferred or exchanged, but no transfer of any Series 1999 Bond shall be valid unless such Series 1999 Bond is surrendered to the Registrar with the assignment form appearing on such Series 1999 Bond duly executed by the Owner or such Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 1999 Bond and shall authenticate and deliver, without charge to the Owner or transferee, a new Series 1999 Bond (or Series 1999 Bonds at the option of the new Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 1999 Bond, in exchange for such surrendered and canceled Series 1999 Bond. Any Series 1999 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 1999 Bonds of the same date, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to transfer or to exchange any Series 1999 Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment day, or in the case of any redemption of the Series 1999 Bonds, after the mailing of notice of the call of such Series 1999 Bonds for redemption.

(f) *Registrar's Ownership of Series 1999 Bonds.* The Registrar may become the Owner of any Series 1999 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any trustee appointed to protect the right of the Owners of Series 1999 Bonds.

(g) *Registration Covenant.* The Authority covenants that, until all Series 1999 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 1999 Bond that complies with the provisions of Section 149 of the Code.

Section 7. Disposition of the Proceeds of the Series 1999 Bonds. The proceeds of the Series 1999 Bonds shall be applied as follows:

(a) Interest on the Series 1999 Bonds accrued from their date to the date of delivery shall be paid into the Bond Account;

(b) The amount equal to (or Qualified Insurance equal to) the Reserve Account Requirement upon the issuance of the Series 1999 Bonds shall be deposited in the Reserve Account; and

(c) The remainder of the proceeds of the Series 1999 Bonds shall be paid into the Project Account, 1999.

A special account of the Authority, designated as the "Project Account, 1999," is hereby created. The money on deposit in the Project Account, 1999 shall be utilized to pay costs of the Projects and costs incidental thereto, including reimbursing the Authority for costs of the Projects previously incurred, and costs incurred in connection with the issuance and sale of the Series 1999 Bonds.

The proceeds of the Series 1999 Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted by law to regional transit authorities of the State, which will mature prior to the date on which such money shall be needed. Interest earnings on the Project Account, 1999 shall be retained in the Project Account, 1999 until completion of the Projects identified in Section 2 or a determination as hereafter provided that money should be transferred to the Bond Account.

In the event that it shall not be possible or practicable to accomplish all of the Projects specified in Exhibit A, the Authority may apply the proceeds of the Series 1999 Bonds to pay the costs of such portion thereof or such other projects as the Board shall determine to be in the best interests of the Authority, subject to the limitations of Section 8 of this Series Resolution.

Any part of the proceeds of the Series 1999 Bonds remaining in the Project Account, 1999 after all costs referred to in this section have been paid may be used to acquire, construct and equip other Projects, subject to the limitations of Section 8 hereof, or may be transferred to the Bond Account.

Section 8. Tax Covenants.

(a) The Authority covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 1999 Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 1999 Bonds.

(b) Without limiting the generality of the foregoing, the Authority covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 1999 Bonds or any other funds of the Authority which may be deemed to be proceeds of the Series 1999 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the date of delivery of the Series 1999 Bonds to the initial purchasers thereof, would have caused the Series 1999 Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

(c) The Authority will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to

maintain the federal income tax exemption for interest payments on the Series 1999 Bonds, in accordance with the Tax Agreement.

(d) The Authority represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The Authority will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 1999 Bonds.

Section 9. Forms of Series 1999 Bonds and Registration Certificate. The Series 1999 Bonds shall be in substantially the following form:

[STATEMENT OF INSURANCE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY
SALES TAX AND MOTOR VEHICLE EXCISE TAX BOND, SERIES 1999

Maturity Date:

CUSIP No. _____

Interest Rate:

Owner:

Principal Amount:

THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY, a regional transit authority organized and existing under and by virtue of the laws of the State of Washington (the "Authority"), promises to pay to the Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special account of the Authority known as the "Sales Tax and Motor Vehicle Excise Tax Bond Account" (the "Bond Account") created by Resolution No. R98-47 of the Authority (together with Resolution No. R98-48, the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Bond Account from _____ 1, 199____, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each February and August, beginning on August 1, 1999. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket

Issuer Letter of Representations (the "Letter of Representations") by the Authority to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Owner or assigns upon presentation and surrender of this bond at the principal corporate trust office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Authority in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to finance a portion of the Authority's Regional Transit System Plan.

The Bonds shall be subject to optional redemption in advance of their scheduled maturity on and after February 1, 200__ in whole or in part on any date at the following prices, expressed as a percentage of par, plus accrued interest to the date of redemption.

Redemption Periods	Redemption Prices
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Unless redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on February 1, _____ shall be redeemed by the Authority on February 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
*	\$

* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on February 1, _____ shall be redeemed by the Authority on February 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
*	\$

* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on February 1, _____ shall be redeemed by the Authority on February 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates

Amounts

\$

*

* Maturity

The Bonds are not private activity bonds. The Bonds are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this Bond is held by DTC or its nominee, the manner of selection of Bonds within a maturity for redemption and transfer of Bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Authority and Registrar shall deem the person in whose name this Bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on this Bond and for any and all other purposes whatsoever.

The Authority hereby covenants and agrees with the owner of this Bond that it will keep and perform all the covenants of this Bond and the Bond Resolution.

The Authority does hereby pledge and bind itself to levy and set aside in the Local Option Tax Accounts the Local Option Taxes and to pay such taxes into the Bond Account and the Reserve Account in the amounts and at the times required by the Bond Resolution to be paid into and maintained in such accounts, all within the times provided by the Bond Resolution.

The amounts in the Local Option Tax Accounts, the Bond Account, the Reserve Account and any project account created for the deposit of parity bond proceeds are pledged to the repayment of the Bonds and hereby declared to be a first and prior lien and charge upon such amounts and money equal in rank to the lien and charge upon such amounts of the amounts required to pay and secure the payment of any bonds of the Authority hereafter issued on a parity with the Bonds.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that the Bonds are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Authority and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, been done and performed.

IN WITNESS WHEREOF, the Central Puget Sound Regional Transit Authority has caused this Bond to be executed by the manual or facsimile signatures of the Chair of the Board and Board Administrator, and the corporate seal of the Authority to be impressed or a facsimile thereof imprinted hereon as of the 1st day of _____, 199__.

THE CENTRAL PUGET SOUND
REGIONAL TRANSIT AUTHORITY

By _____ /s/
Board Chair

ATTEST:

_____/s/
Board Administrator

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999 of the Authority, dated _____ 1, 199_.

WASHINGTON STATE FISCAL
AGENCY, Registrar

By _____
Authorized Signer

In the event any Series 1999 Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this Series Resolution.

Section 10. Sale of Series 1999 Bonds. The Series 1999 Bonds shall be sold by negotiated sale to the Underwriters under the terms of the Bond Purchase Contract (the "Bond Purchase Contract"). The Bond Purchase Contract, which shall be substantially in the form on file with the Board, is hereby approved subject to the limitations set forth herein and in Section 3. The aggregate Underwriters' discount set forth in the Bond Purchase Contract shall not be more than one percent of the par amount of the Series 1999 Bonds. The Executive Director of the Authority or the Finance Director is authorized and directed to execute the Bond

Purchase Contract. Upon the adoption of this Series Resolution, the Executive Director, Finance Director and other proper officials of the Authority are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Series 1999 Bonds to the Underwriters and to execute all closing certificates and documents required to effect the closing and delivery of the Series 1999 Bonds in accordance with the terms of the Bond Purchase Contract.

The Executive Director or Finance Director is authorized to ratify and to approve and “deem final” for purposes of the Securities and Exchange Commission’s Rule 15c2-12, on behalf of the Authority, the official statement (and any preliminary official statement) relating to the issuance and sale of the Series 1999 Bonds with such changes, if any, as may be deemed by him/her to be appropriate.

Section 11. Municipal Bond Insurance. The Finance Director is authorized to contract with an insurance company to insure the repayment of the Series 1999 Bonds if the Finance Director determines that such insurance will be beneficial to marketing the Series 1999 Bonds and to contract for Qualified Insurance. The Finance Director may enter into such agreements on behalf of the Authority as shall be necessary in providing such insurance. Any insurance company insuring the Series 1999 Bonds shall, to the extent it makes payment of principal or interest on the Series 1999 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the bond insurance policy. The consent of the insurer of the 1999 Bonds shall be deemed to constitute consent of the Owners of the Series 1999 Bonds for purposes of the first sentence of Section 13(b) of the Master Resolution. The consent of each Owner still shall be required as specified in the second and third sentences of such section.

Section 12. Ratification. All acts taken pursuant to the authority of this Series Resolution but prior to its effective date are hereby ratified.

Section 13. Severability. If any one or more of the covenants or agreements provided in this Series 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 Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of any Series 1999 Bonds.

Section 14. Effective Date. This Series 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 12th day of November, 1998.

By 
Paul Miller, Board Chair

ATTEST:


Marcia Walker, Board Administrator

EXHIBIT A
PROJECT DESCRIPTIONS

Bond proceeds will cover portions of some, but not all, of the following costs:

Link Light Rail

- Preliminary engineering and environmental review, final design and specifications;
- Right of way and property acquisition;
- Construction of stations;
- Construction and improvements to track and facilities;
- Vehicles;
- Maintenance and repair facilities; and
- Track and facilities improvements to the downtown Seattle transit tunnel.

Souder Commuter Rail

- Preliminary engineering and environmental review, and final design and specifications;
- Right of way and property acquisition costs;
- Station construction and right of way and property acquisition for stations at, but not limited to, the following stations: Bond St., Everett Multimodal, Mukilteo, Edmonds, King St., Boeing Access Road/Tukwila, Tukwila (Longacres), Kent, Auburn, Sumner, Puyallup, Tacoma Dome, and Lakewood;
- Portions of the costs, as allowable by the Code, of improvements to track and facilities from Everett to Lakewood; and
- Maintenance and repair facilities.

Regional Express

- Preliminary design, final design, environmental review, and construction and improvement of park-and-ride lots and related facilities at, but not limited to, the follow locations: Lynnwood Transit Center, Mountlake Terrace Flyer Stop, South Everett Transit Center, North Everett Transit Center, 112th St. Park and Ride, Federal Way Transit Center, Bellevue Transit Center, Bothell/Canyon Park Transit Center, Issaquah Transit Center, Kirkland Transit Center, Newcastle Transit Center, Overlake Transit Center, Ash Way Park and Ride, Swamp Creek HOV and Park and Ride, Lynnwood Transit Center, Lynnwood SR-99 Transit Lanes, East Everett Park and Ride, Star Lake Park and Ride, Mercer Island Park and Ride, Tacoma Dome expansion, South Hill Park and Ride, Dupont Park and Ride, SR 512 Park and Ride, Pacific Ave. Overpass, Bothell Branch Campus Access, Willows HOV, Woodinville Arterial HOV, and I-90 two way transit operations;

- Preliminary design, final design, environmental review, and construction and improvement of HOV ramps and related facilities at, but not limited to, the follow locations: 164th (Ash Way), Lynnwood Park and Ride, I-5-112th (Silver Lake), I-5-320th, I-5-272nd- I-405-Southcenter, Kirkland I-405, I-405-Bellevue, I-405-Park Ave., I-405-Talbot Road, I-90 Eastgate, and I-90 Sunset Interchange;
- Capital costs related to the implementation of regional bus service, including but not limited to, vehicles and maintenance and repair facilities; and
- Capital costs related to system integration, research and development of new technologies.

Agency Capital Costs

- Capital costs related to agency administration and management, including but not limited to, information and management systems, furniture and equipment, and facilities; and
- Costs related to the renovation and acquisition of Union Station.

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 R98-48 (the "Resolution") is a true and correct copy of a resolution of the Authority, as finally adopted at a meeting of the Board held on the 12th day of November, 1998, 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 12th day of November, 1998.

Marcia Walker

Board Administrator