

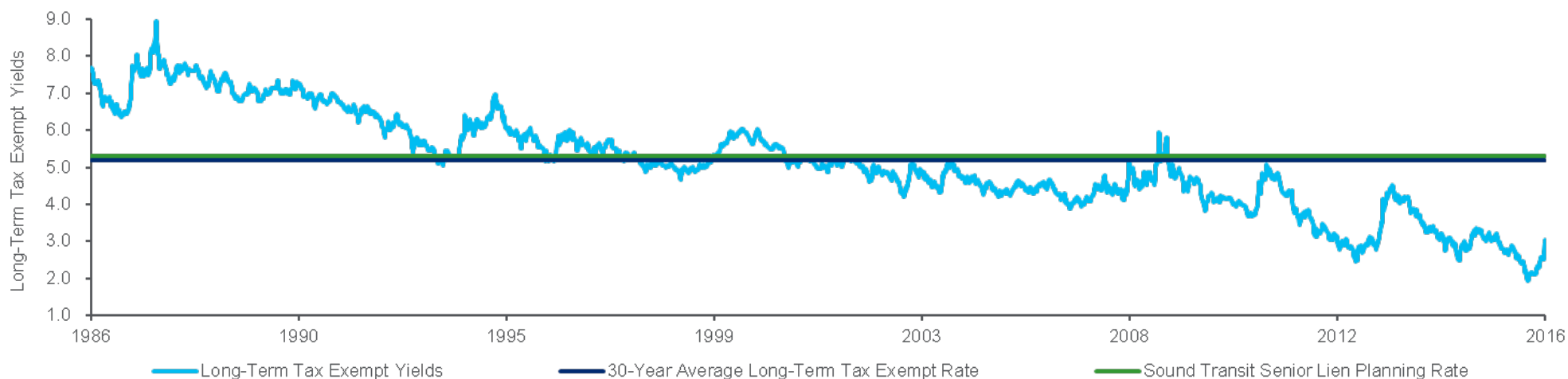
A low-angle, upward-looking photograph of a white and teal Sound Transit train. The train is moving from left to right across the frame. The teal stripe is prominent, and the windows are visible. The background shows a station structure with a glass roof.

SALES TAX AND MOTOR VEHICLE EXCISE TAX BONDS SERIES 2016

November 29, 2016

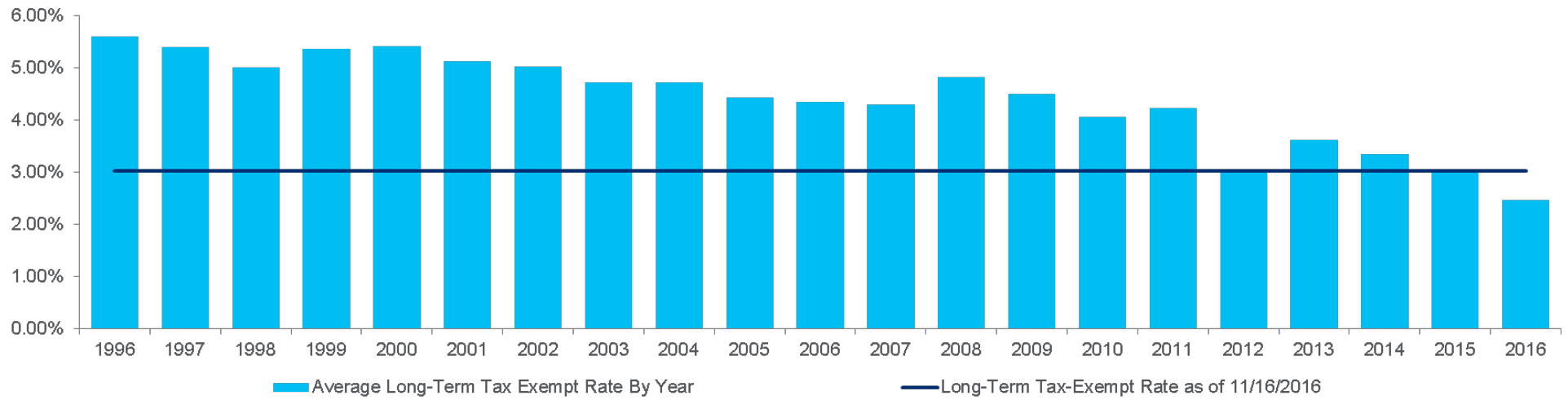
 **SOUND TRANSIT**

Tax-Exempt Rates Stand Near All-Time Lows



- The current borrowing rate is much lower than the historical average rate and the rate assumed in the long term financial plan.

In the past 30 years, long term tax-exempt rates have been lower than today's level only 3% of the time



Market Conditions

□ Interest rate volatility Has Increased in November

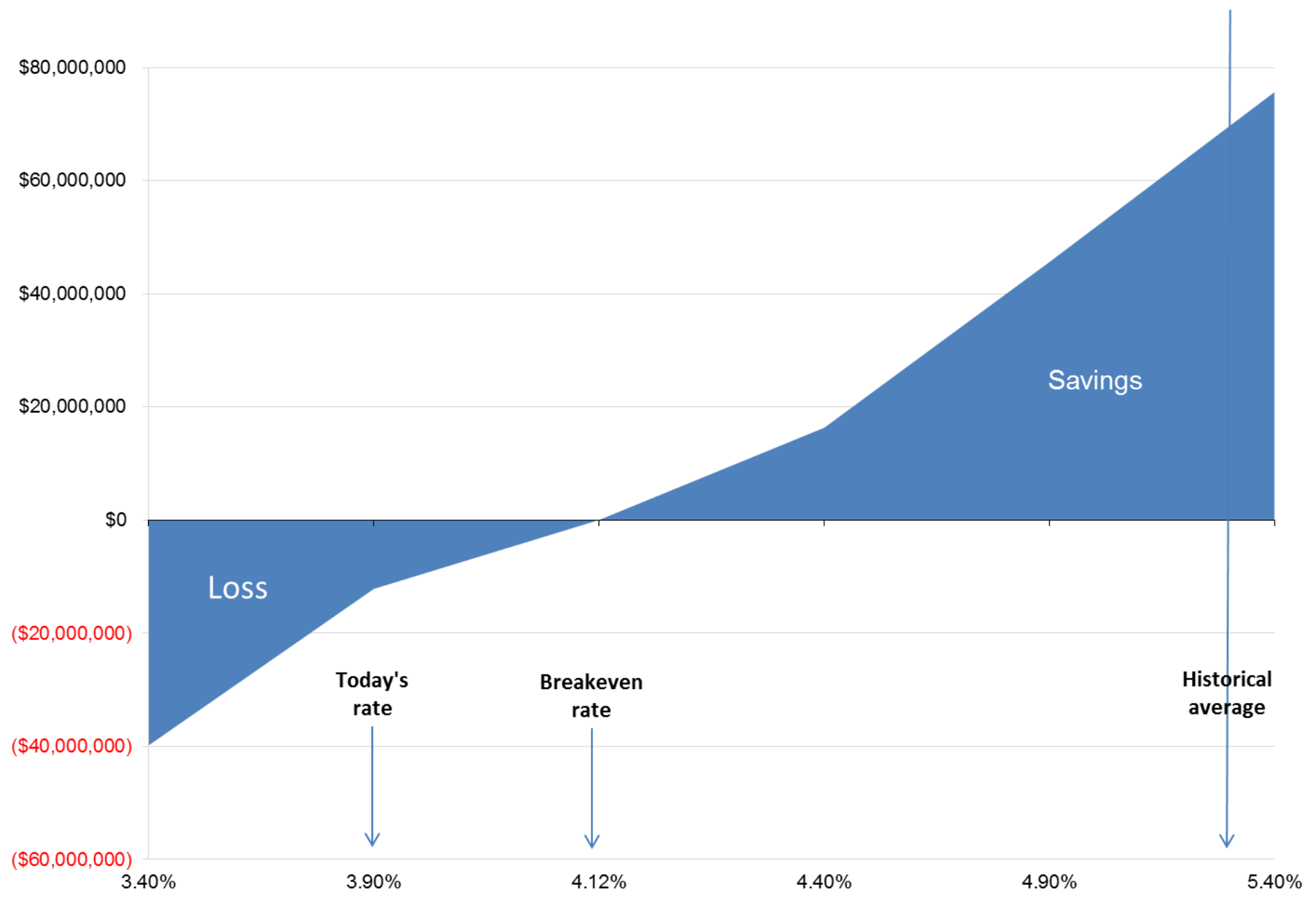


Source for Forecasts: Bloomberg

□ Markets Anticipate a Near-Term Fed Rate Hike

- Market predicts a 95% probability that the Fed will raise rates at its December meeting
- On Nov. 17, Fed Chairwoman Janet Yellen indicated the Fed could move “relatively soon” with a rate increase
- Stronger economic news as well as the spending plans conveyed by the new Administration have raised the outlook for additional rate increases beyond December and into 2017

ST will benefit from locking in the low rates today if the long term rate increases by just 0.22% or higher



2016 Sales Tax and MVET Bonds

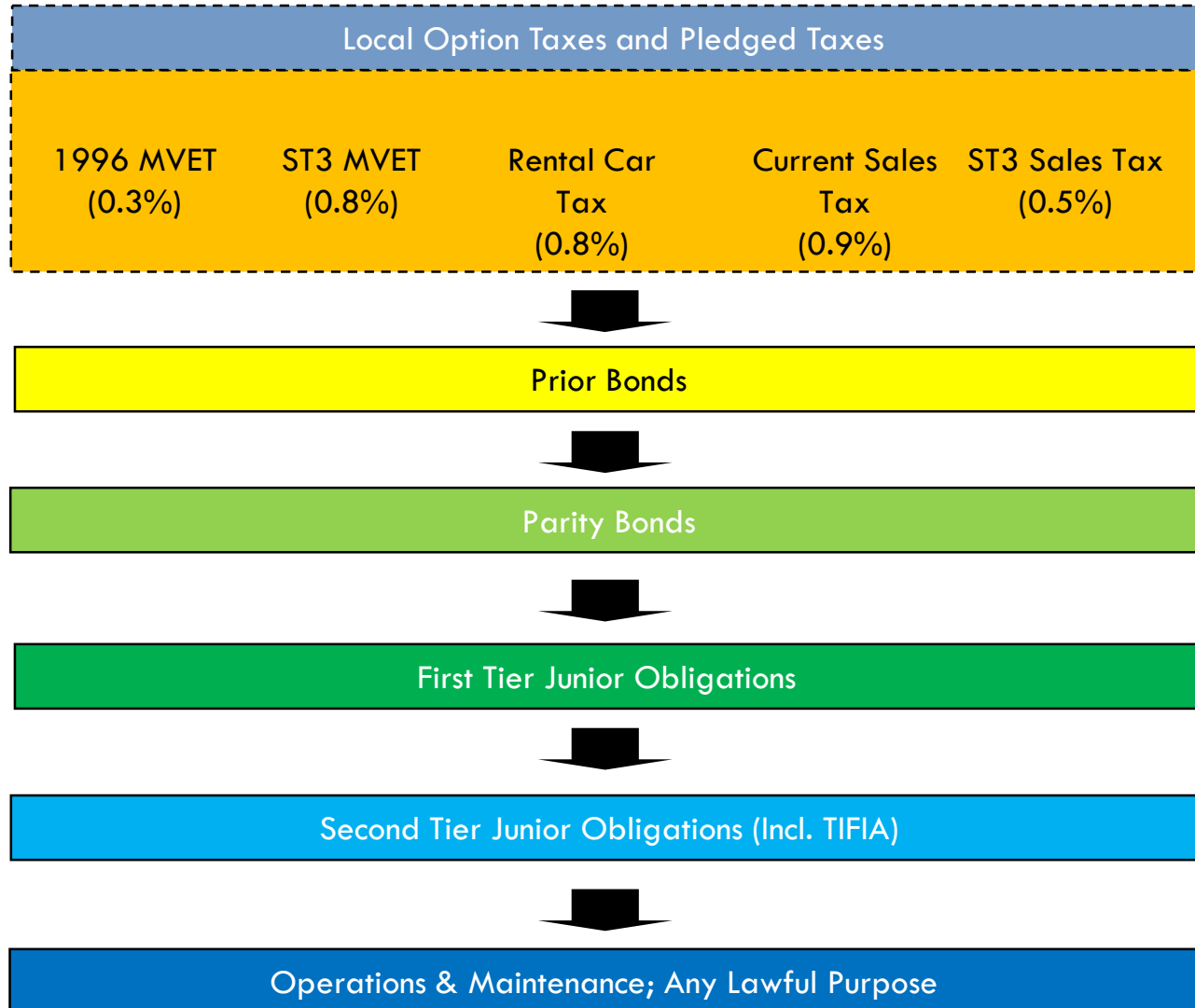
- Parity Lien Bonds
 - \$400 million par amount
 - Expected interest rate is around 4%
 - Fixed rate tax exempt bonds
 - 30 years final maturity

- Proceeds will be used to reimburse Sound Transit for the cost of voter-approved capital projects.

- Designated as Green Bonds
 - Sound Transit largest municipal green bond issuer



Tax revenues first pledged to bond holders



- Dedicate and pledge all Sales Taxes (current and ST3 Sales Tax), 0.8% rental car tax and all MVET (Sound Move MVET and ST3 MVET) to the payment of bonds before any expenditure for board approved capital and operating expenditures
- Agency cannot issue additional Prior or Parity Bonds if pledged revenues in current year are not at least 1.5x maximum debt service
- Provide ongoing disclosure to bond holders

- ❑ R2016-32:
 - Amends existing Parity Bond Master Resolution to pledge existing MVET and ST3 Sales Tax and MVET
 - Authorizes issuance of Series 2016 Parity Bonds:
 - establishes parameters (maximum principal amount, maturity and interest rate)
 - delegates authority to sell bonds within specified parameters
 - authorizes budget amendments to include debt service.

- ❑ R2016-33: Amends existing Master Prior Bond Resolution to pledge ST3 Sales Tax and MVET.

- ❑ R2016-34: Restates the Parity Bond Master Resolution to reflect amendments made.

- ❑ R2016-35: Restates the Master Prior Bond Resolution to reflect amendments made.

- Delegates to CEO, CFO, or Treasurer
 - Approve final terms including
 - Rates
 - Structure and final maturity
 - Sizing: (+/-) \$50 m per series within the board approved aggregate amount
 - Amend budget

- November 29– ***Board meeting to adopt Bond Resolutions***
- November 30– Post the Preliminary Official Statement (disclosure document)
- December 7 – *Price Bonds* (set interest rates and final terms)
- December 20 (tentative)– Closing (funds delivered to Sound Transit)



 **SOUNDTRANSIT**
RIDE THE WAVE

