

RESOLUTION NO. R2017-11
Amending Resolution No. R2016-36 Regarding the TIFIA Master Credit Agreement and Loan Agreements

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	03/09/2017	Recommend to Board	Brian McCartan, Executive Director, FIT Tracy Butler, Treasurer
Board	03/23/2017	Final Action	

PROPOSED ACTION

(A) Amends and restates Resolution No. R2016-36, which, among other things, authorized the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project; (B) authorizes related budget amendments; and (C) provides for other matters properly relating thereto.

KEY FEATURES SUMMARY

- Pursuant to the Master Credit Agreement (MCA) with the TIFIA Lender that closed in December 2016, Sound Transit agreed, at the request of the TIFIA Lender, not later than March 2017 to amend and restate Resolution No. R2016-36, which authorized the execution and delivery of the Master Credit Agreement.
- The amendments are principally technical in nature and conform certain provisions in the authorizing resolution to those that were included in the final Master Credit Agreement. All other previously approved terms will remain the same.
- The amended and restated resolution does the following:
 - Clarifies and adds terms that are in the TIFIA Master Credit Agreement.
 - Restates the aggregate principal amount to \$1,990,266,110 from \$1,990,000,000, reflecting the aggregate principal amount in the Master Credit Agreement.
 - Clarifies the taxes pledged to secure the Second Tier Junior Obligations, the TIFIA Bonds' pledge, to be consistent with the language in the Master Credit Agreement.
 - Amends to include the direction to create Construction Accounts, the Revenue Sharing Account, the TIFIA Debt Service Account and the TIFIA Reserve Account, to the extent not already created. The TIFIA Reserve Account and the Revenue Sharing Account will only be funded after the occurrence of events set forth in the TIFIA MCA and the original resolution. The TIFIA Debt Service Account will be created to pay the Principal and Interest on the TIFIA Bonds and the Construction Account will be created for the deposit of proceeds of the TIFIA Bonds to be applied subsequently to promptly pay or reimburse Eligible Project Costs as set forth in the TIFIA MCA.
 - Amends to include budget amendment authority, to be consistent with other resolutions authorizing the issuance of debt, regarding expenses payable in connection with each TIFIA Bond, the Master Credit Agreement, and each TIFIA Loan Agreement in order to be able to maintain flexibility with the timing of the expenses payable.

BACKGROUND

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.

TIFIA was originally enacted in 1998, reauthorized in 2005 and expanded in 2012 to encourage private sector investment through a substantial increase in funding. TIFIA provides federal credit assistance to eligible surface transportation projects. This program is designed to fill market gaps by providing projects with supplemental or subordinate loans. In January 2015, Sound Transit closed the \$1.3 billion East Link TIFIA Loan.

In November 2015, Sound Transit submitted a Letter of Interest to the USDOT TIFIA Credit Program office to express its interest in entering into a TIFIA Master Credit Agreement and related loan agreements to fund up to 33% of the capital costs of the for the Projects. USDOT formally invited Sound Transit to apply for the TIFIA Master Credit Agreement and the Northgate Link Extension Project loan in November 2016. The TIFIA Master Credit Agreement and the TIFIA loan for the Northgate Link Extension Project closed December 22, 2016.

Pursuant to section 12(v) of the TIFIA Master Credit Agreement, the Authority covenanted and agreed with the TIFIA Lender that, on or prior to the earliest to occur of (i) the March 2017 regularly scheduled meeting of the Board, (ii) the initial disbursement of any TIFIA Loan and (iii) the Loan Agreement Effective Date for the MCA Project after the Northgate Link Extension Project, the Board would adopt and approve an amendment to Resolution No. R2016-36 in form and substance satisfactory to the TIFIA Lender.

FISCAL INFORMATION

The proposed action restates the aggregate principal amount in the TIFIA Master Credit Agreement by an additional \$266,110 to \$1,990,266,110. The original resolution rounded this amount to \$1,990,000,000. There is no change to the \$200-\$300 million of additional financial capacity for Sound Transit stated in the original resolution.

This action also provides authority to amend budgets to include expenses payable in connection with each TIFIA Bond, the Master Credit Agreement and each TIFIA Loan Agreement, in order to maintain flexibility with the timing of these expenses. This is consistent with other resolutions regarding the issuance of debt.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

The TIFIA Master Credit Agreement approved by the Board in November 2016 requires that the Board adopt and approve an amendment to Resolution No. R2016-36 in March 2017.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2016-36: 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 a TIFIA Master Credit Agreement between the Authority and the United States Department of Transportation; approved the execution of the TIFIA Master Credit Agreement and related TIFIA Loan Agreements; approved the loans; fixed certain terms of the bonds; provided for the delivery of the bonds to the United States Department of Transportation; authorized amendments to the TIFIA East Link Loan Agreement; and provided for other matters properly relating thereto.

ENVIRONMENTAL REVIEW

JI 2/17/2017

LEGAL REVIEW

AJP 03/03/2017

SOUND TRANSIT

RESOLUTION NO. R2017-11

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority (A) amending and restating Resolution No. R2016-36, which, among other things, authorized the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project; (B) authorizing related budget amendments; and (C) providing for other matters properly relating thereto.

ADOPTED: March 23, 2017

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SOUND TRANSIT

RESOLUTION NO. R2017-11

A resolution of the Board of Directors of the Central Puget Sound Regional Transit Authority (a) amending and restating Resolution No. R2016-36, which, among other things, 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 to the TIFIA Lender pursuant to a TIFIA Master Credit Agreement between the Authority and the United States Department of Transportation, approved the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project, approved the TIFIA Loans, fixed certain terms of the TIFIA Bonds, provided for the delivery of the TIFIA Bonds to the United States Department of Transportation, and authorized amendments to the TIFIA East Link Loan Agreement; (b) authorizing budget amendments; and (c) 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 Master Credit Agreement, the TIFIA Loan Agreement related to each TIFIA Loan 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).

"2012 Parity Bonds" means the Authority's Sales Tax Refunding Bonds, Series 2012S-1.

"2012 Prior Bonds" means the Authority's Sales Tax and Motor Vehicle Excise Tax Bonds, Series 2012P-1.

"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.

"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.

"First Tier Junior Obligations" means obligations of the Authority issued pursuant to a Series Resolution and in accordance with Section 13(b) of the TIFIA Master Credit 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 East Link Bond and the TIFIA Bonds).

"Future Parity Bonds" means any bonds, notes or other obligations of the Authority issued pursuant to a Series Resolution and in accordance with Section 13(b) of the TIFIA Master Credit 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 13(b) of the TIFIA Master Credit 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% and rental car sales and use tax levied by the Authority as of the date of this Resolution at the rate of 0.8%, each as authorized by RCW 81.104.160, 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 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.

“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.

“Parity Bonds” means the 2009 Parity Bonds, the 2012 Parity Bonds, the 2015 Parity Bonds, the 2016 Parity Bonds and any Future Parity Bonds.

“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, (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 and as such taxes may be levied from time to time by the Authority.

“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, the 2012 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 Bonds, the TIFIA East Link Bond 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 Bonds.

“ST3 Motor Vehicle Tax” means the additional motor vehicle excise tax authorized by RCW 81.104.160 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 each of the sales tax and motor vehicle excise tax bonds authorized to be issued pursuant to this Resolution, the terms of which are as set forth in the TIFIA Master Credit Agreement and the TIFIA Loan Agreement related to such bond.

“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 Loan Agreement” means a TIFIA Loan Agreement to be entered into between the TIFIA Lender and the Authority in respect of an MCA Project, 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 for such MCA Project, with such TIFIA Loan to be evidenced by a TIFIA Bond.

“TIFIA Master Credit Agreement” means the TIFIA Master Credit Agreement 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 therein and in the TIFIA Loan Agreements, one or more TIFIA Loans, each such TIFIA Loan to be evidenced by a TIFIA Bond.

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 the 1999 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 the 2009 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) The Board, pursuant to Resolution No. R2014-30, authorized the issuance of the TIFIA East Link Bond, secured by a pledge of Pledged Taxes, to finance improvements for the purpose of providing high-capacity transportation service.

(d) 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.

(e) 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.

(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 (including the TIFIA Bonds and Other TIFIA Bonds) and (ii) designated 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 (including the TIFIA Bonds and Other TIFIA Bonds).

(g) Pursuant to Resolution No. 2016-36, to finance improvements for the purpose of providing high-capacity transportation service consistent with the resolutions authorizing the issuance of the Authority's outstanding Prior Bonds and Parity Bonds, which resolutions permit the issuance of obligations secured by a pledge of the Pledged Taxes subordinate to the pledge

of Local Option Taxes that secures the Prior Bonds and subordinate to the pledge of Pledged Taxes that secures the Parity Bonds, the Board 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 to the TIFIA Lender pursuant to the TIFIA Master Credit Agreement, approved the execution, delivery and performance of the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to each MCA Project, approved the TIFIA Loans, fixed certain terms of the TIFIA Bonds, provided for the delivery of the TIFIA Bonds to the United States Department of Transportation and authorized amendments to the TIFIA East Link Loan Agreement.

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

(i) Pursuant to Section 12(v) of the TIFIA Master Credit Agreement, Sound Transit covenanted and agreed with the TIFIA Lender that, on or prior to the earliest to occur of (i) the March 2017 regularly scheduled meeting of the Board, (ii) the initial disbursement of any TIFIA Loan and (iii) the Loan Agreement Effective Date for the next MCA Project after the Northgate Link Extension Project, the Board would adopt and approve an amendment to Resolution No. 2016-36, in form and substance satisfactory to the TIFIA Lender.

(j) The TIFIA Lender has approved the form and substance of this amendment and restatement of Resolution No. 2016-36.

Section 3. Authorization and Description of TIFIA Bonds. The Authority is authorized to borrow money on the credit of the Authority and to issue each TIFIA Bond (a) in the aggregate principal amount for all such TIFIA Bonds not to exceed \$1,990,266,110 (plus capitalized interest thereon) and (b) with respect to each TIFIA Bond for each MCA Project, in an aggregate principal amount (plus capitalized interest thereon) not to exceed the amount set forth in Schedule I of the TIFIA Master Credit Agreement with respect to such MCA Project, in each case, to pay or reimburse a portion of the Eligible Project Costs related to such MCA Project, all as described in, and in accordance with the provisions of, the TIFIA Master Credit Agreement and each TIFIA Loan Agreement related to such MCA Project. Each 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 related to such TIFIA Bond. Each TIFIA Bond shall bear interest at a fixed rate, calculated by adding one basis point (.01%) to the rate of securities of a similar maturity as published on the Effective Date (as defined in the TIFIA Loan Agreement for such TIFIA Bond) 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 9% per annum. Each 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 Master Credit Agreement and the TIFIA Loan Agreement related to such TIFIA Bond. Each TIFIA Bond shall be issued in the form of Exhibit A to the related TIFIA Loan Agreement and shall conform in all respects to the terms and conditions specified in this Resolution, the TIFIA Master Credit Agreement and the TIFIA Loan Agreement related to such TIFIA Bond. Payment of principal of and interest on each TIFIA Loan shall be made as specified in the TIFIA Loan Agreement and as recorded on Exhibit D to the related TIFIA Loan Agreement, as such exhibit may be amended in accordance with the terms of such TIFIA Loan Agreement.

Section 4. Security for the TIFIA Bonds. The TIFIA East Link Bond and each TIFIA Bond shall be a Second Tier Junior Obligation secured by the TIFIA Lien on Pledged Taxes. The 1996 Motor Vehicle Tax, the ST3 Sales Tax and the ST3 Motor Vehicle Tax are pledged to the payment of the TIFIA East Link Bond and the TIFIA Bonds. Such pledge of the Pledged Taxes to the payment of the TIFIA East Link Bond and the TIFIA Bonds 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, the TIFIA Master Credit Agreement and the TIFIA Loan Agreements 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 Master Credit Agreement and TIFIA Loan Agreements. The Authority has negotiated the proposed TIFIA Master Credit Agreement and the form of the TIFIA Loan Agreements with the TIFIA Lender in the forms of the drafts thereof dated November 28, 2016, which are on file with the Administrator of the Board and are incorporated herein by this reference. The Board finds that execution, delivery and performance by the Authority of the proposed TIFIA Master Credit Agreement and each TIFIA Loan Agreement substantially in the forms thereof on file with the Administrator of the Board (and as the TIFIA Master Credit Agreement and TIFIA Loan Agreements may be amended or supplemented from time to time) is in the Authority's best interest. The Board therefore approves the proposed TIFIA Master Credit Agreement and TIFIA Loan Agreements substantially in the forms thereof on file with the Administrator of the Board, in which the same interest rate as determined for each TIFIA Bond pursuant to Section 3 of this Resolution shall be inserted on the Loan Agreement Effective Date applicable to each such TIFIA Bond as the interest rate on the related TIFIA Loan, and with such other changes or supplements to the form of the TIFIA Master Credit Agreement and TIFIA Loan Agreements on file with the Administrator of the Board, if any, as are approved by the Chief Executive Officer, the Executive Director, Finance and Information Technology, or the Treasurer (such approval to be conclusively evidenced by the execution and delivery thereof), and authorizes their execution and delivery on behalf of the Authority by the Chief Executive Officer, the Executive Director, Finance and Information Technology, or the Treasurer.

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 East Link Bond, the TIFIA Bonds 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 East Link Bond, the TIFIA Bonds 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 Second Tier Junior Obligations (including payments required to be made into

the TIFIA Reserve Account pursuant to Section 15(m) of the TIFIA East Link Loan Agreement or Section 12(k) of the TIFIA Master Credit 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 East Link Loan Agreement and the TIFIA Master Credit 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 each TIFIA Bond and for so long as each such 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.

Each TIFIA Bond is a special limited obligation of the Authority payable from and secured solely by Pledged Taxes, the amounts, if any, in the TIFIA Debt Service Account, the TIFIA Reserve Account and the Construction Account related to such TIFIA Bond and the Pledged Taxes in the Local Option Tax Accounts, the Additional Taxes Accounts and the Tax Stabilization Subaccount, subject, with respect to the Pledged Taxes, to the prior pledges that have been and may hereafter be created in favor of the Senior Obligations. Each 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 each TIFIA Bond (a) amounts in the TIFIA Debt Service Account, the TIFIA Reserve Account, the Revenue Sharing Account and the Construction Account related to such TIFIA Bond, 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 Local Option Tax Accounts, the Additional Taxes Accounts and the Tax Stabilization Subaccount and earnings thereon, to the extent amounts and earnings in the Local Option Tax Accounts, the Additional Taxes Accounts and the Tax Stabilization Subaccount represent revenues from Pledged Taxes, and such pledge is hereby declared to be a prior charge upon the Pledged Taxes and such accounts superior to all other charges of any kind or nature except the charge of the Prior Bonds on Local Option Taxes and such accounts and the charges of the Parity Bonds and the

First Tier Junior Obligations on Pledged Taxes and such accounts, and equal to the charge of any other Second Tier Junior Obligations.

Following the occurrence and during the continuance of a default under the Prior Bond Resolution or 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 Bonds are not an obligation of the State of Washington or any political subdivision thereof other than the Authority. The TIFIA Bonds do 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 Master Credit Agreement.

Section 9. No Acceleration. Upon the occurrence of a default under this Resolution, any TIFIA Bond, the TIFIA Master Credit Agreement or any TIFIA Loan Agreement, no payment of any 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 any 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 Master

Credit Agreement and the TIFIA Loan Agreements, including the Construction Accounts, the Revenue Sharing Account, the TIFIA Debt Service Account and the TIFIA Reserve Account, and the Authority is hereby directed to create the Construction Accounts, the Revenue Sharing Account, the TIFIA Debt Service Account and the TIFIA Reserve Account, to the extent not already created.

Section 12. Amendments to TIFIA East Link Loan Agreement. Each of (i) the Chief Executive Officer, (ii) the Executive Director, Finance and Information Technology, and (iii) the Treasurer is authorized to execute and deliver amendments to the TIFIA East Link Loan Agreement to conform the provisions of the TIFIA East Link Loan Agreement to the provisions of the TIFIA Master Credit Agreement and the TIFIA Loan Agreements.

Section 13. 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 any TIFIA Bond, the TIFIA Master Credit Agreement or any TIFIA Loan Agreement.

Section 14. General Authorization. Each of (i) the Chief Executive Officer, (ii) the Executive Director, Finance and Information Technology, and (iii) the Treasurer, or his or her respective designee or designees, is individually authorized to take such actions and to execute such documents as in his or her judgment may be necessary or desirable to carry out the transactions contemplated in connection with this Resolution, and to do everything necessary or desirable (a) for the prompt delivery of each TIFIA Bond to the TIFIA Lender, (b) for the proper application, use and investment of the proceeds of each TIFIA Bond, or (c) to comply in all

respects with the provisions of each TIFIA Bond, the TIFIA Master Credit Agreement and each TIFIA Loan Agreement.

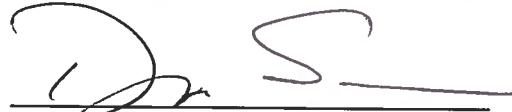
Section 15. Confirmation of Resolution No. R2016-36. All provisions of Resolution No. R2016-36, as amended and restated by this Resolution, are hereby confirmed and shall remain in full force and effect. The TIFIA Master Credit Agreement, the TIFIA Loan Agreement in connection with the Northgate Link Extension Project, the TIFIA Bond issued by the Authority in connection with the Northgate Link Extension Project, and the Authority's obligations in respect thereof, continue to constitute the legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with their respective terms.

Section 16. Authorized Budget Amendments. The Treasurer 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 each TIFIA Bond, the TIFIA Master Credit Agreement and each TIFIA Loan Agreement and to amend or cause to be amended the Authority's adopted budgets to include such amounts.

Section 17. 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 18. 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 March 23, 2017.



Dave Somers
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 R2017-11 (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 23rd day of March, 2017, 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 ____ day of _____, 2017.

Kathryn Flores
Board Administrator