

THE BOND BUYER

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Wash. Transit Agency Sets Record Green bond Sale

by [Kyle Glazier](#)

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PHOENIX - The Central Puget Sound Regional Transit Authority in Washington is planning to sell nearly \$1 billion of green bonds Aug. 4 to pay for its mass transit system and for possible refunding purposes.

The issuance, described as the largest U.S. municipal green bond issuance to date, will consist of \$723.9 million of fixed-rate bonds and \$200 million of floating-rate debt, according to the offering documents. The securities are secured by a secondary lien on sales taxes and rental car taxes, as well as other tax accounts. They are rated AAA by Standard & Poor's and Aa2 by Moody's Investors Service.

JPMorgan is the lead underwriter on the deal in a syndicate that also includes Bank of America Merrill Lynch, Citi, Goldman Sachs, Wells Fargo Securities, and RBC Capital Markets.

As of May, Sound Transit had just over \$570 million of bonds outstanding.

Sound Transit has designated the 2015 bonds as green bonds because they will finance or refinance projects that adhere to the authority's sustainability plan, which seeks to enable more people to travel affordably and in environmentally friendly ways throughout the Puget Sound region of Washington.

Sound Transit was created in 1993 and operates commuter trains, light rail, and buses in King, Snohomish, and Pierce Counties. All three counties provide local bus service independently, with Sound Transit providing regional travel options above and beyond the local service. Sound Transit's service border stretches from north of Seattle to south of Tacoma, and the authority's services provide an estimated 33 million rides every year.

The sustainability plan was first adopted in 2011 and updated in 2015. Sound Transit has been granted a platinum sustainability certification by the American Public Transportation Association, the highest certification APTA grants.

"The sustainability aspect of this is you're getting people out of cars," Sound Transit Chief Financial Officer Brian McCartan said. "Substantially reducing carbon emissions."

McCartan said that the bonds have been certified by an independent consultant as complying

with the International Capital Market Association's green bond principles, something that the issuer decided was important so that investors could be confident in this huge issuance in what is still an emerging market.

Big green bond deals are still fairly new in the muni market. The District of Columbia Water and Sewer Authority issued \$350 million of green century bonds last year, and other municipalities including New York have also been increasingly active in the green bond market.

Just weeks ago, the Washington legislature authorized additional funding authority for Sound Transit which will allow the authority to submit a ballot question to the voters to further expand its system and impose certain additional taxes. The proceeds of those additional taxes, should they come to fruition, can be but are not required to be used to provide further backing to the green bonds.



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