

# Independent Verification Statement

**To: The Management of the San Francisco Bay Area Rapid Transit District (BART) and the Climate Bond Standards Board**

**Date: December 4, 2017**

## Introduction

First Environment, Inc. (First Environment) was engaged by The San Francisco Bay Area Rapid Transit District - BART (“Issuer”) to provide independent pre-issuance Climate Bond verification of its Sales Tax Revenue Bonds, 2017 Refunding Series A ( Green Bonds) and 2017 Refunding Series B (Federally Taxable) ( Green Bonds, that includes advanced refunding of principal for Series 2010 (\$115,095,000)\*, Series 2012A (\$31,535,000)\*, Series 2012B (\$86,025,000)\* as presented in the Preliminary Official Statement and Green Bonds Framework (both dated December 1<sup>st</sup>, 2017). First Environment conducted the verification from November 23 through December 4, 2017. First Environment is an approved verifier by the Climate Bonds Standard Board operating for this engagement within the jurisdiction of the United States, specifically the State of California.

## Verification Scope

Specific scope for the verification is outlined in the table below:

|                                |   |
|--------------------------------|---|
| <b>Issuing Entity</b>          | BART (Responsible Party)  |
| <b>Bond Issuance/s</b>         | 2017 Refunding Series A & B (Green Bonds) \$188,435,000 that includes advanced refunding of past BART bonds including Series 2010 (\$115,095,000)*, Series 2012A (\$31,535,000)*, Series 2012B (\$86,025,000)*.   |
| <b>Type of Climate Bond</b>    | Use of Proceed Revenue Bond (Refinancing)   |
| <b>Climate Bonds Taxonomy</b>  | Transport: Mass Transit   |
| <b>Pre- or Post-Issuance</b>   | Pre-Issuance  |
| <b>Impact Reporting Period</b> | Not Applicable (pre-issuance)   |
| <b>Sources of Information</b>  | Preliminary Official Statement (POS) and supporting documents including BART’s internal Green Bonds Framework (12/1/17), past transactions (refinanced past bonds), related documentation (past Official Statements), observations and interviews with responsible individuals. |

## Standards and Auditing Ethics Used for Verification

The following table outlines the Standards, Level of Assurance and Materiality used to conduct this verification:

\*Preliminary, subject to change.

|                                 |   |
|---------------------------------|---|
| <b>Standard of Verification</b> | <ul style="list-style-type: none"> <li>• Climate Bonds Standard, Version 2.1 (CBS);</li> <li>• CBS Sector-specific criteria: Low Carbon Land Transport, Version 1.0</li> </ul> <p>Limitation of CBS: The Climate Bonds Standard is designed specifically to allow investors, governments and other stakeholders to prioritize 'low carbon and climate resilient' investments with confidence that the funds are being used to deliver a low carbon and climate resilient economy. It is not a financial standard and does not imply any impact on the credit ratings of specific investments.</p> |
| <b>Verification Process</b>     | <ul style="list-style-type: none"> <li>• The Climate Bonds Standard Assurance Framework</li> <li>• The Climate Bonds Verification Agreement</li> <li>• ISAE 3000 (revised 2013), Assurance Engagement Other than Audits or Reviews of Historic Financial Information.</li> <li>• Applicable professional ethics and quality control principles such as those presented in ISO 14065 for validation and verification bodies (2007).</li> </ul>   |
| <b>Level of Assurance</b>       | <ul style="list-style-type: none"> <li>• Limited Level of Assurance.<br/>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</li> </ul>  |
| <b>Materiality</b>              | <ul style="list-style-type: none"> <li>• Qualitative non-conformities with the most recent Climate Bonds Standard or related sector-specific criteria are considered material;</li> <li>• Quantitative misstatements greater than five percent of any applicable numeric sector-specific criteria are considered material.</li> </ul>   |

## Conclusions

First Environment has performed independent pre-issuance Climate Bond verification of BART's Refunding 2017 Series A & B Green Bonds, as presented in the Preliminary Official Statement and Green Bonds Framework (both dated December 1, 2017). Detailed results of this verification have been documented and provided to the management of BART and the Climate Bond Standards Board (Climate Bonds Standard Verification Report, December 4, 2017).

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that BART's Use of Proceeds Sales Tax Revenue Bonds, 2017 Refunding Series A & B that is expected to include advanced refunding of principal for Series 2010 (\$115,095,000)\*, Series 2012A (\$31,535,000)\*, Series 2012B (\$86,025,000)\* used to fund its electrified public transport infrastructure has not conformed, in all material respects, with the pre-issuance requirements of the Climate Bonds Standard 2.1 and the Low Carbon Land Transport sector-specific criteria (version 1.0).

\*Preliminary, subject to change.



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