

Independent Verification Statement

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

Date: April 28, 2017

Introduction

First Environment, Inc. (First Environment) was engaged by BART (“Issuer”) to provide independent pre-issuance Climate Bond verification of the BART’s General Obligation Bonds, (Election of 2016) 2017 Series A (Green Bonds), and (Election of 2004) 2017 Refunding Series E (Green Bonds). First Environment conducted the verification from March 27 through April 24, 2017. First Environment, Inc. 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:

Issuing Entity	BART (Responsible Party)
Bond Issuance/s	General Obligation Bonds, (Election of 2016) 2017 Series A (Green Bonds), and (Election of 2004) 2017 Refunding Series E (Green Bonds)
Type of Climate Bond	Use of Proceeds Bond and Refinancing
Climate Bonds Taxonomy	Transport: Mass Transit
Pre- or Post-Issuance	Pre-Issuance
Impact Reporting Period	Not Applicable
Sources of Information	Climate Bond offering and supporting documents including BART’s internal Green Bond Framework (dated April 21, 2017), 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:

Standard of Verification	<ul style="list-style-type: none"> Climate Bonds Standard, Version 2.1 (CBS); CBS Sector-specific criteria: Low Carbon Land Transport, Version 1.0 <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>
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Verification Process	<ul style="list-style-type: none"> • ISAE 3000 (revised), Assurance Engagement Other than Audits or Reviews of Historic Financial Information; The Climate Bonds Standard Assurance Framework dated (July, 2016); • Professional auditing ethics and quality control principles as presented in ISO 14065 for validation and verification bodies which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.
Level of Assurance	<ul style="list-style-type: none"> • Limited Level of Assurance. 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.
Materiality	<ul style="list-style-type: none"> • Qualitative non-conformities with the CBS or related sector-specific criteria are considered material; • Quantitative misstatements greater than five percent of any applicable numeric sector-specific criteria are considered material

Conclusions

First Environment has performed Pre-Issuance Verification of BART’s General Obligation Bonds, (Election of 2016) 2017 Series A (Green Bonds), and (Election of 2004) 2017 Refunding Series E (Green Bonds) pursuant the conditions and constraints described above. 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, April 28, 2017).

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that BART’s General Obligation Bonds, (Election of 2016) 2017 Series A (Green Bonds), and (Election of 2004) 2017 Refunding Series E (Green Bonds) proposed 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 criteria (version 1.0).



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