

Independent Assurance Statement

To: The City of Santa Fe and the Climate Bond Standards Board

Date: February 15, 2019

Introduction

First Environment, Inc. (First Environment) was engaged by the City of Santa Fe (“Issuer”) to provide independent pre-issuance Climate Bond verification of its Net Wastewater Utility System / Environmental Services Gross Receipts Tax Improvement Revenue Bonds Series 2019 (Climate Bond Certified / Green Bonds) as presented in the Draft Preliminary Official Statement (February 7, 2019) and Green Bond Framework (February 6, 2019). First Environment conducted the verification from January 9, 2019 through February 15, 2019. 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 City of Santa Fe, New Mexico.

Verification Scope

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

Issuing Entity	The City of Santa Fe
Bond Issuance/s	Net Wastewater Utility System / Environmental Services Gross Receipts Tax Improvement Revenue Bonds Series 2019 (Climate Bond Certified / Green Bonds)
Type of Climate Bond	Use of Proceeds Revenue Bond
Climate Bonds Taxonomy	Water Infrastructure
Pre- or Post-Issuance	Pre-Issuance
Impact Reporting Period	Not Applicable (pre-issuance)
Sources of Information	<ul style="list-style-type: none"> • Draft Preliminary Official Statement (February 7, 2019) • Green Bond Framework (February 6, 2019) • City of Santa Fe, Finance Department Manual - Investment Policy (Revised December 5, 2016) • Climate Bond Information Form (February 12, 2019) • Santa Fe Basin Study: Adaptations to Projected Changes in Water Supply and Demand (August 2015) • Estimated Carbon Reduction for Proposed CoGen System (February 7, 2019) (<i>Carbon reduction achieved through avoided GHG emissions</i>) • City of Santa Fe, New Mexico Debt Management Policy (July 17, 2017) • Reclaimed Water Resource Plan (April 2013) • Authorization to Discharge Under the National Pollutant Discharge Elimination System (July 1, 2016) • City of Santa Fe 5-Year Capital Improvements Plan FY 2015/16-2019/20 (January 7, 2016) • Sustainable Santa Fe 25-Year Plan (October 29, 2018)

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: Water Infrastructure, April 2018 <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>
Verification Process	<ul style="list-style-type: none"> • The Climate Bonds Standard Assurance Framework • The Climate Bonds Verification Agreement • ISAE 3000 (revised 2013), Assurance Engagement Other than Audits or Reviews of Historic Financial Information. • Applicable professional ethics and quality control principles such as those presented in ISO 14065 for validation and verification bodies (2007).
Level of Assurance	<ul style="list-style-type: none"> • Limited Level of Assurance. <p>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.</p>
Materiality	<ul style="list-style-type: none"> • Qualitative non-conformities with the most recent Climate Bonds Standard 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 independent pre-issuance Climate Bond verification of the City of Santa Fe's Net Wastewater Utility System / Environmental Services Gross Receipts Tax Improvement Revenue Bonds Series 2019 (Climate Bond Certified / Green Bonds), as presented in the Draft Preliminary Official Statement (February 7, 2019) and Green Bond Framework (February 6, 2019). Detailed results of this verification have been documented and provided to the City and the Climate Bond Standards Board (Climate Bonds Standard Assurance Report, February 15, 2019).

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that the City's Net Wastewater Utility System / Environmental Services Gross Receipts Tax Improvement Revenue Bonds Series 2019 (Climate Bond Certified / Green Bonds) used to construct two new anaerobic digesters, cogeneration system and associated supporting equipment has not conformed, in all material respects, with the pre-issuance requirements of the Climate Bonds Standard (Version 2.1) and the Water Infrastructure sector-specific criteria (April 2018).



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