

Independent Assurance Statement

To: Los Angeles County Metropolitan Transportation Authority and the Climate Bond Standards Board

Date: January 18, 2019

Introduction

First Environment, Inc. (First Environment) was engaged by Los Angeles County Metropolitan Transportation Authority (LA Metro) (“Issuer”) to provide independent pre-issuance Climate Bond verification of its Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds) as presented in the Draft Preliminary Official Statement (January 7, 2019) and Green Bonds Framework (November 20, 2018). First Environment conducted the verification from November 19, 2018 through January 18, 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 State of California.

Verification Scope

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

Issuing Entity	Los Angeles County Metropolitan Transportation Authority
Bond Issuance/s	Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds)
Type of Climate Bond	Use of Proceeds Revenue Bond
Climate Bonds Taxonomy	Low Carbon Land Transport
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 (January 7, 2019) • Framework for Green Bonds (November 20, 2018) • 2018 Debt Policy (February 2018) • Resolution Authorizing Collaboration between LACMTA and the SCAG to Implement the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (July 18, 2012) • ISO 14001:2015 Certificate of Implementation and Maintenance of an Environmental Management System (July 18, 2016) • 2018 Energy & Resource Report (2018) • Trust Agreement by and between the LACMTA and Bank of America National Trust and Savings Association (Proposition C Sales Tax Revenue Bonds) (October 1, 1992) • Application and Agreement for Climate Bonds Certification (November 16, 2018) • Climate Bond Information Form (November 21, 2018)

	<ul style="list-style-type: none"> • Metro Board Report – Finance, Budget and Audit Committee (November 14, 2018) • Metro Board Report – Short Range Financial Forecast (September 19, 2018) • Prop C 2019-A New Money Bonds Projects to be Financed – Green Bonds Assessment • Exhibit A: Projects Financed as of June 30, 2018 in the Annual Report to CBI for FY ending 6-30-2018
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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>
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 LA Metro’s Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds), as presented in the Draft Preliminary Official Statement (January 7, 2019) and Framework for

Green Bonds (November 20, 2018). Detailed results of this verification have been documented and provided to the management of LA Metro and the Climate Bond Standards Board (Climate Bonds Standard Assurance Report, January 18, 2019).

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that LA Metro's Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds) used to improve the passenger rail service 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).

FIRST ENVIRONMENT, INC.

A handwritten signature in black ink, appearing to read "Phillip Ludvigsen". The signature is stylized and cursive, written over a white background.

Phillip Ludvigsen, Ph.D.
Lead Verifier
Senior Associate