

CLIMATE BONDS STANDARD VERIFICATION LETTER

Issuing Entity: The Metropolitan Transportation Authority

Kind of engagement: Second Party Verification

Period engagement was carried out: 12-21-2015 to 01-07-2016

Approved verifier: Sustainalytics US Inc,

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Scope:

The Metropolitan Transportation Authority (“MTA”), has engaged Sustainalytics to review and verify that the Nominated Project Categories in the MTA’s 2010-2014 Capital Program meets the requirements of the Climate Bond Standard- Low Carbon Transport.

Criteria

Climate Bond Standards – Low Carbon Transport Criteria 3: All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport including electrified rail, trams, trolleybuses and cable cars.

Issuing Entity’s Responsibility

MTA is responsible to provided information and documents relating to:

- The details about the nominated low-carbon transit project categories;
- The process of management and disbursement of funds;
- The details about the reporting commitments.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the second party review of MTA’s 2010-2014 Capital Plan Project Categories and provided an independent opinion informing the conformance of the Project Categories with Climate Bond Standards. Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier’s Responsibility

The work undertaken as part of this engagement included conversations with relevant MTA employees and the review of relevant public and internal documents to assess the following:

- Conformance with the Nominated Projects and Assets requirement
 - Nominated Projects Categories compliance with Part B of Climate Bond Standards Version 2.0.

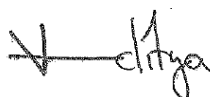
- The Technical Criteria on Low Carbon Transport Standard Criterion 3: Emissions threshold for public passenger transport.
- Conformance with the Internal Processes & Controls requirements.
- Conformance with Reporting Prior to Issuance requirements.

Restriction on Distribution and Use of Report

This report along with the information provided is for the use of MTA and Climate Bond Standard Board only and not for the use of any other external parties.

Opinion

Based on the reasonable assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects the MTA's 2010-2014 Capital Plan Project Categories identified in Appendix 1 of this document, is not in conformance with the Climate Bond Standard's Pre-Issuance Requirements including Part B Eligible Projects and Assets



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January 7th, 2016
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Part B: Detailed Findings

Procedure Performed	Factual Findings	Error or Exceptions Identified
<p>Verification for Project Categories by reviewing the 2010-2014 Capital Program Amendment as approved by the MTA Board July 2013.</p>	<p>Project Categories listed in Appendix 1 of the document comply with Climate Bond Standards – Low Carbon Transport Criteria 3: All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport including electrified rail, trams, trolleybuses and cable cars.</p>	<p>None</p>
<p>Verification of management and disbursement of funds by reviewing the following documents</p> <ul style="list-style-type: none"> • IMPACT: Integrated Management of Payment Accounting and Capital Tracking. • Spreadsheet containing the Requisitions related 2010 - 2014 Capital Plan as of 12-18-2015 • Confirmation from MTA of maintaining a spreadsheet to track net bond proceeds and spend related nominated project categories in 2010-2014 Capital Plan. 	<p>Confirmation of the process and system allowing the net proceeds arising from the issue of the bond to be allocated to Capital Projects that meet the Project Categories listed in Appendix 1.</p> <p>Confirmation that the Requisitions related to 2010 -2014 Capital Plan will be greater than the proceeds raised from bond issuance.</p> <p>Confirmation that MTA has the necessary tracking processes to conform to Climate Bond Standards 2.0 tracking requirements.</p>	<p>None</p>
<p>Verification that MTA commits to maintain a spreadsheet to track the net bond proceeds and spend related to the nominated project categories in 2010-2014 Capital Plan.</p>	<p>Confirmation that MTA has necessary reporting processes to conform to Climate Bond Standards reporting requirements.</p>	<p>None</p>

Appendix 1: Nominated Project Categories

MTA 2010-2014 Capital Plan Categories that meet the Climate Bond Low- Carbon Transport Standard Criterion 3: Emissions threshold for public passenger transport.

Category Code	Category	Agency
E610	MTA POLICE DEPARTMENT	MTA Security and Disaster Recovery
E614	MTA-WIDE SECURITY	MTA Security and Disaster Recovery
EG16	MISCELLANEOUS/EMERGENCY	MTA Security and Disaster Recovery
EL03	TRACK	MTA Security and Disaster Recovery
EL04	LINE STRUCTURES	MTA Security and Disaster Recovery
EL05	COMMUNICATIONS AND SIGNALS	MTA Security and Disaster Recovery
EL06	SHOPS AND YARDS	MTA Security and Disaster Recovery
EL07	POWER	MTA Security and Disaster Recovery
EL09	MISCELLANEOUS/EMERGENCY	MTA Security and Disaster Recovery
EM01	ROLLING STOCK	MTA Security and Disaster Recovery
EM03	TRACK AND STRUCTURES	MTA Security and Disaster Recovery
EM04	COMMUNICATIONS AND SIGNALS	MTA Security and Disaster Recovery
EM05	POWER	MTA Security and Disaster Recovery
EM08	MISCELLANEOUS/EMERGENCY	MTA Security and Disaster Recovery
ES07	STATEN ISLAND RAILWAY	MTA Security and Disaster Recovery
ET01	SUBWAY CARS	MTA Security and Disaster Recovery
ET04	STATIONS	MTA Security and Disaster Recovery
ET05	TRACK	MTA Security and Disaster Recovery
ET06	LINE EQUIPMENT	MTA Security and Disaster Recovery
ET07	LINE STRUCTURES	MTA Security and Disaster Recovery
ET08	SIGNALS & COMMUNICATIONS	MTA Security and Disaster Recovery
ET09	POWER	MTA Security and Disaster Recovery
ET10	SHOPS AND YARDS	MTA Security and Disaster Recovery
ET12	DEPOTS	MTA Security and Disaster Recovery
ET16	MISCELLANEOUS/EMERGENCY	MTA Security and Disaster Recovery
G609	EAST SIDE ACCESS	MTA Capital Construction Company
G610	FULL LENGTH SECOND AVE SUBWAY	MTA Capital Construction Company
G614	REGIONAL INVESTMENTS	MTA Capital Construction Company
G616	MISCELLANEOUS/EMERGENCY	MTA Capital Construction Company
L601	ROLLING STOCK	Long Island Rail Road
L602	STATIONS	Long Island Rail Road
L603	TRACK	Long Island Rail Road
L604	LINE STRUCTURES	Long Island Rail Road

L605	COMMUNICATIONS AND SIGNALS	Long Island Rail Road
L606	SHOPS AND YARDS	Long Island Rail Road
L607	POWER	Long Island Rail Road
L609	MISCELLANEOUS/EMERGENCY	Long Island Rail Road
M601	ROLLING STOCK	Metro-North Railroad
M602	STATIONS	Metro-North Railroad
M603	TRACK AND STRUCTURES	Metro-North Railroad
M604	COMMUNICATIONS AND SIGNALS	Metro-North Railroad
M605	POWER	Metro-North Railroad
M606	SHOPS AND YARDS	Metro-North Railroad
M608	MISCELLANEOUS/EMERGENCY	Metro-North Railroad
N612	MTA PLANNING	MTA Interagency
S607	STATEN ISLAND RAILWAY	New York City Transit
T601	SUBWAY CARS	New York City Transit
T604	STATIONS	New York City Transit
T605	TRACK	New York City Transit
T606	LINE EQUIPMENT	New York City Transit
T607	LINE STRUCTURES	New York City Transit
T608	SIGNALS & COMMUNICATIONS	New York City Transit
T609	POWER	New York City Transit
T610	SHOPS AND YARDS	New York City Transit
T612	DEPOTS	New York City Transit
T613	SERVICE VEHICLES	New York City Transit
T616	MISCELLANEOUS/EMERGENCY	New York City Transit

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The client is fully responsible for ensuring its commitments` compliance, implementation and monitoring.