



Central Puget Sound Regional Transit Authority

***Independent Accountants' Report on
Management's Assertion regarding the use of
proceeds from Series 2015S-1 (Green Bonds),
Series 2015S-2A (Green Bonds), and Series
2015S-2B (Green Bonds) in accordance with
the Green Bond Eligible Project Criteria***

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Independent Accountants' Report

To the Audit and Reporting Committee of Central Puget Sound Regional Transit Authority:

We have examined management's assertion that the proceeds included in the Green Bond Reimbursement Allocation and for refinancing the outstanding Series 2007A bonds were used to finance qualifying projects all in accordance with the Green Bond Principles, 2015, issued by the International Capital Market Association (ICMA), and the accompanying Eligible Project Criteria, as defined in the Sustainalytics opinion included as Appendix E of the Series 2015 Parity Bond Official Statement. Central Puget Sound Regional Transit Authority's management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above, is fairly stated, in all material respects, based on the Green Bond Principles, 2015, and the accompanying Eligible Project Criteria

KPMG LLP

August 31, 2016

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MANAGEMENT'S ASSERTION REGARDING ELIGIBLE GREEN BOND PROJECTS

Central Puget Sound Regional Transit Authority (Sound Transit) is responsible for the completeness, accuracy, and validity of Sound Transit's Green Bond Reimbursement Allocation, dated October 9, 2015 and the List of Projects Allocated to the Refinancing Portion of Green Bonds, Appendix B of the Sustainalytics (second party review) opinion, dated July 27, 2015, both of which are included in this report. Management asserts that the proceeds included in the Green Bond Reimbursement Allocation and for refinancing the outstanding Series 2007A bonds were used to finance qualifying projects all in accordance with the Green Bond Principles, 2015, issued by the International Capital Market Association (ICMA), and the accompanying Eligible Project Criteria, as defined in the Sustainalytics opinion included as Appendix E of the Series 2015 Parity Bond Official Statement.

ELIGIBLE PROJECT CRITERIA

Proceeds from the Green Bonds are being used to finance or refinance projects that adhere to Sound Transit's Sustainability Plan, which includes reducing car trips by carrying more transit riders, supporting smart regional growth, fostering transit-oriented development and improved transit access, designing and building greener projects and operating fleets and facilities more efficiently.

The following criteria determined whether the project was deemed eligible:

- **Expansion of the transit system:** Includes the planning, permitting, design and construction of Sound Transit's system.
- **Transit operations, maintenance and improvements:**
 - Operations related projects such as fair collection systems, communication systems, signaling and transit centers.
 - Maintenance related projects such as storage, layover, maintenance facilities, and maintenance related electronic and electrical systems and refurbishments.
 - Projects that improve commuter safety, comfort and transit access such as signage and noise reducing walls, pedestrian bridges, car and bike parking and HOV lanes.
- **Transit planning and evaluation:** Assessments include environmental, capital investments evaluation, and evaluation of transit alternatives.

SOURCES AND USES OF BOND PROCEEDS

Of the \$1,042,026,865 in bond proceeds (par plus net premium and the accrued interest on the Series 2007A Parity Bonds), \$440,886,321 was used to refund the Series 2007A Parity Bonds and pay cost of issuance, including the underwriter's discount, and \$601,140,544 of non-refunding proceeds was used to reimburse prior expenditures and pay cost of issuance, including the underwriter's discount. After paying cost of issuance and the underwriter's discount for both the non-refunding and refunding portions, \$600,022,856 of non-refunding proceeds remained to reimburse prior expenditures. Sound Transit has allocated approximately \$608,762,000 in prior expenditures to the Series 2015 Parity Bonds to ensure excess expenditures are eligible.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

GREEN BOND REIMBURSEMENT ALLOCATION, October 9, 2015

\$792,840,000 Sales Tax Improvement and Refunding Bonds, Series 2015S-1 (Green Bonds)

\$75,000,000 Sales Tax Improvement Bonds, Series 2015S-2A (Green Bonds)

\$75,000,000 Sales Tax Improvement Bonds, Series 2015S-2B (Green Bonds)

Pursuant to the Green Bond Second Party Review by Sustainalytics, dated July 27, 2015, in relation to the Series 2015 Parity Bonds, Sound Transit allocated the non-refunding proceeds to reimburse the following projects in the amounts below. These projects were included in Appendix A of the Sustainalytics Green Bond Second Party Review attached as Appendix E of the Series 2015 Parity Bond Official Statement.

Project Code	Project Category	Project Name	Project Description	Approximate Totals
400007	Transit Line New Build/ Expansion / Extension	First Hill Streetcar	Sound Transit is financially supporting construction and operation of Seattle's First Hill Streetcar system. This system will provide transit connections between Capitol Hill and the International District/Chinatown stations	\$87,787,000
400008	Transit Line New Build/ Expansion / Extension	Tacoma Link Expansion	Preliminary engineering and environmental review to expand Tacoma Link	\$374,000
4X100	Transit Line New Build/ Expansion / Extension	Northgate Link Extension	Extends the light rail 4.3 miles from the University of Washington Station north to the Northgate Station	\$32,154,000
4X115	Transit Line New Build/ Expansion / Extension	Lynnwood Link Extension	The planning, permitting, design and construction of an extension of light rail from Northgate to Lynnwood. Consistent with the FTA New Starts requirements, the project has undergone an alternatives analysis and environmental scoping	\$7,626,000
4X200	Transit Line New Build/ Expansion / Extension	University Link Extension	A 3.15 mile light rail extension connecting downtown Seattle to the University of Washington Station, connecting three major population and employment centers	\$349,964,000
4X300	Transit Line New Build/ Expansion / Extension	Initial Segment	The 13.9 mile Initial Segment of the light rail segment connecting South 154th Street in Tukwila with downtown Seattle	\$15,239,000
4X400	Transit Line New Build/ Expansion / Extension	Airport Link	The 1.7 mile extension of the Initial Segment connecting Tukwila with Sea-Tac Airport	\$537,000
4X420	Transit Line New Build/ Expansion / Extension	South 200th Link Extension	Extension of the light rail approximately 1.6 miles south from Sea-Tac Airport Station to Angle Lake Station at South 200th Street	\$49,563,000

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

Green Bond Reimbursement Allocation, continued

Project Code	Project Category	Project Name	Project Description	Approximate Totals
4X445	Transit Line New Build/ Expansion / Extension	Federal Way Link Extension	Extension of light rail approximately 7.6 miles from S. 200th Street in the city of SeaTac to the Federal Way Transit Center	\$929,000
3X130	Transit Line New Build/ Expansion / Extension	M St - Lakewood Track & Signal	Reconstruction of approximately 7 miles of track between M-St in Tacoma and Lakewood, restoration of South 66th Street Bridge and installation of the Centralized Train Control system	\$710,000
3X135	Transit Line New Build/ Expansion / Extension	D St - M St Track and Signal	Reconstruction of tracks between Lakewood and Tacoma	\$201,000
3x140	Transit Operations, Maintenance and Improvements	Layover	Overnight storage facility for trains	\$140,000
400009	Transit Operations, Maintenance and Improvements	Link Operational & Maintenance Satellite Facility	Review and evaluate the current and future light rail storage and maintenance requirements to support the development, design and construction of a future light rail operations and maintenance facility for the ST3 system expansion	\$25,774,000
3X216	Transit Operations, Maintenance and Improvements	Passenger Information System	Expansion of station communications, CCTV and Passenger Information Systems to future stations	\$2,000
3X236	Transit Operations, Maintenance and Improvements	Tukwila Station	Construction of a permanent station to replace the existing temporary Tukwila Sounder Station	\$659,000
3X510	Transit Operations, Maintenance and Improvements	Sounder South Expanded Service	Purchase of 4 commuter rail easements between Seattle and Lakewood from BNSF	\$253,000
500020	Transit Operations, Maintenance and Improvements	ST Express Mid-Day Bus Storage	Construction to replace temporary bus storage with a permanent facility	\$229,000
5X141	Transit Operations, Maintenance and Improvements	85th Corridor, Kirkland	Street widening, traffic signal and bus shelter installations and sidewalk improvements to enhance reliability and connections to transit, transit elements funded by Sound Transit	\$665,000
5X142	Transit Operations, Maintenance and Improvements	Kirkland Transit Center/3rd	Design and construct and place into service, a new regional transit center in Kirkland on Third Street	\$331,000
5X151	Transit Operations, Maintenance and Improvements	Rainier Avenue Arterial Improvements	Addition of Business and Transit Access Lanes, sidewalks and medians on Hardie Ave in the city of Renton. Sound Transit funded preliminary engineering, final design, right-of-way/permits and construction	\$1,204,000

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

Green Bond Reimbursement Allocation, continued

Project Code	Project Category	Project Name	Project Description	Approximate Totals
5X290	Transit Operations, Maintenance and Improvements	ST Express Fleet Program	Acquisition and start-up of new ST Express buses	\$83,000
5X312	Transit Operations, Maintenance and Improvements	Mountlake Terrance Freeway Station	Construction of the Freeway Station	\$1,257,000
5X319	Transit Operations, Maintenance and Improvements	South Everett Freeway Station	Construction of the Freeway Station	\$2,051,000
5X321	Transit Operations, Maintenance and Improvements	Federal Way Transit Center	Construction of the Transit Center	\$871,000
5X326	Transit Operations, Maintenance and Improvements	Issaquah Transit Center/SR900	Construction of the Transit Center	\$817,000
5X387	Transit Operations, Maintenance and Improvements	I-90 Two-Way Transit & HOV Operations Stage 3	Will provide reliable two-way transit and HOV operations eastbound and westbound on I-90 between 80th Ave SE on Mercer Island and Rainier Ave/I-5 Seattle	\$3,000
7X743	Transit Operations, Maintenance and Improvements	Security Enhancements	Upgrading Sounder commuter rail CCTV system for monitoring commuter rail platforms, assets and facilities	\$98,000
7X746	Transit Operations, Maintenance and Improvements	Parking Enhancements	Expand commuter rail parking at Puyallup and/or Sumner Stations	\$1,000
4X446	Transit Planning and Evaluation	South Corridor Alternatives Planning	Identification and Evaluation of high-capacity transit alternative for the corridor between Federal Way and Tacoma, examination of potential projects for Pierce and South King subareas to enhance transit use and operational efficiencies	\$564,000
Preliminary Expenses	Transit Planning and Evaluation	Preliminary Expenses	Preliminary Expenses	\$27,646,000
3X131	Transit Planning and Evaluation	Permitting/Environmental Mitigation	Environmental permitting and mitigation for the improvements made by BNSF for Sounder Rail between Seattle and Everett	\$289,000
500005	Transit Planning and Evaluation	ST Express Bus Base	Evaluation of the construction of a ST Express Bus Base for operating and maintaining the ST Express bus fleet.	\$726,000
5X415	Transit Planning and Evaluation	Phase II Plan & Engineering/Systems Integration	Planning and Evaluation of ST Express Engineering and Systems Integration	\$15,000
Total				\$608,762,000

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

LIST OF PROJECTS ALLOCATED TO REFINANCING PORTION OF GREEN BONDS

\$792,840,000 Sales Tax Improvement and Refunding Bonds, Series 2015S-1 (Green Bonds)

\$75,000,000 Sales Tax Improvement Bonds, Series 2015S-2A (Green Bonds)

\$75,000,000 Sales Tax Improvement Bonds, Series 2015S-2B (Green Bonds)

In addition to the new money reimbursement portion of the Series 2015 bonds, approximately \$440,886,321 of bond proceeds, including \$7,117,020 of accrued interest, was used to refinance the Series 2007A Parity Bonds and pay cost of issuance, including the underwriter's discount. This money refinanced expenditures that are eligible expenditures under the Eligible Project Criteria as set forth in the Sustainability opinion. The following projects in the amounts below were included in Appendix B of the Sustainability Green Bond Second Party Review attached as Appendix E of the Series 2015 Parity Bond Official Statement.

Project Code	Project Category	Project Name	Project Description	Approximate Totals
4x200	Transit Line New Build/ Expansion / Extension	University Link	A 3.15 mile light rail extension connecting downtown Seattle to the University of Washington Station, connecting three major population and employment centers	\$15,800,000
4x300	Transit Line New Build/ Expansion / Extension	Initial Segment	The 13.9 mile Initial Segment of the light rail segment connecting South 154th Street in Tukwila with downtown Seattle	\$381,700,000
4x400	Transit Line New Build/ Expansion / Extension	Airport Link	The 1.7 mile extension of the Initial Segment connecting Tukwila with Sea-Tac Airport	\$66,200,000
4x500	Transit Line New Build/ Expansion / Extension	Tacoma Link	The 1.6 miles between Tacoma Dome Station and downtown Tacoma. Began service in 2003	\$200,000
Total				\$463,900,000