



Central Puget Sound Regional Transit Authority

***Independent Accountants' Report on
Management's Assertion regarding the use of
proceeds from Series 2016S-1 (Green Bonds)
in accordance with the Green Bond Eligible
Project Criteria***

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KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Accountants' Report

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

We have examined management of Central Puget Sound Regional Transit Authority's assertion that the proceeds included in the Green Bond Reimbursement Allocation were used to finance projects in accordance with the Green Bond Principles, 2016, 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 2016 Parity Bond Official Statement. Central Puget Sound Regional Transit Authority's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the proceeds included in the Green Bond Reimbursement Allocation were used to finance projects in accordance with the Green Bond Principles, 2016, 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 2016 Parity Bond Official Statement, is fairly stated, in all material respects.

KPMG LLP

May 31, 2017

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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 January 18, 2017, included in this report. Management asserts that the proceeds included in the Green Bond Reimbursement Allocation were used to finance projects in accordance with the Green Bond Principles, 2016, 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 2016 Parity Bond Official Statement.

ELIGIBLE PROJECT CRITERIA

Proceeds from the Green Bonds are being used to finance 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 fare collection systems, communication systems, signaling and transit centers.
 - Maintenance related projects such as storage, layover, maintenance facilities, 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 \$478,790,807 in bond proceeds (par plus net premium), after cost of issuance and underwriter's discount, \$477,023,028 of proceeds was used to reimburse prior expenditures. Sound Transit has allocated approximately \$478,982,000 in prior expenditures to the Series 2016 Parity Bonds to ensure excess expenditures are eligible.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

GREEN BOND REIMBURSEMENT ALLOCATION, January 18, 2017

SCHEDULE OF USE OF PROCEEDS

\$400,000,000 Sales Tax Improvement and Motor Vehicle Excise Tax Bonds, Series 2016S-1 (Green Bonds)

Pursuant to the Green Bond Second Party Review by Sustainalytics, dated November 28, 2016, in relation to the Series 2016 Parity Bonds, Sound Transit allocated the 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 2016 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. Opened January 2016.	\$41,923,000
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.	\$112,478,000
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 major population and employment centers. Opened March 2016.	\$193,264,000
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. Opened September 2016.	\$131,317,000
Total				\$478,982,000