

VERIFIER'S REPORT SUMMARY

Kestrel Verifiers is of the opinion that the Denver Regional Transportation District Sales Tax Revenue Refunding Bonds (FasTracks Project) Series 2021A (Green Bonds – Climate Bond Certified) and 2021B (Green Bonds – Climate Bond Certified) (“Bonds”) conform with the Transport sector criteria (Version 2) of the Climate Bonds Standard.

Use of Proceeds

Proceeds will be used to refund an outstanding bond and loan which primarily financed infrastructure for fully electric commuter and light rail projects which were part of RTD’s FasTracks program.

Process for Project Evaluation and Selection

RTD’s project selection process is guided by the voter approved FasTracks program and its environmental and social sustainability goals. RTD’s operations also closely align with Denver Regional Council of Governments’ Metro Vision sustainability goals.

Management of Proceeds

Proceeds from the Bonds will be tracked using RTD’s accounting procedures and reviewed by the Finance Committee and the Board of Directors. Proceeds will be fully allocated to refund outstanding debt and financing costs. Proceeds will be invested in U.S. Treasury Obligations or not invested prior to their use to pay principal of and interest on the bonds to be refunded.

Reporting

RTD has reported on project status and the impact of the transit system in its FasTracks Status Reports and the Quality of Life Sustainability Report. RTD will also submit continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) annually on the Electronic Municipal Market Access (EMMA) system. Kestrel Verifiers will be engaged to provide a Post-Issuance report within 24 months of certification.

Impact and UN SDGs

By financing expansion of a reliable public transport system, RTD is directly supporting UN SDG 9: Industry, Innovation and Infrastructure and SDG 11: Sustainable Cities and Communities.



ISSUER

Regional Transportation District
(Colorado)

OPINION ON

Sales Tax Revenue Refunding
Bonds (FasTracks Project) Series
2021A (Green Bonds – Climate
Bond Certified) and 2021B (Green
Bonds – Climate Bond Certified)

SECTOR CRITERIA

Transport (Version 2)

SDGs



EVALUATION DATE

January 2021

KESTREL VERIFIERS CONTACTS:

Monica Reid, CEO

monica@kestrel-inc.com
(+1) 541-399-6806

April Strid, Lead Verifier

april@kestrel-inc.com
(+1) 503-860-1125

Evan Smith, Lead Verifier

evan@kestrel-inc.com
(+1) 530-919-9162

VERIFIER'S REPORT

Par:	\$834,035,000
Issuer:	Regional Transportation District (Colorado)
Issue Description:	Taxable Sales Tax Revenue Refunding Bonds (FasTracks Project) Series 2021A (Green Bonds – Climate Bond Certified) and Tax-Exempt Sales Tax Revenue Refunding Bonds (FasTracks Project) Series 2021B (Green Bonds – Climate Bond Certified)
Project:	FasTracks Projects
Sector Criteria:	Transport (Version 2)
Evaluation Date:	January 2021

CLIMATE BONDS VERIFIER'S REPORT

Regional Transportation District (Colorado) (“RTD”) is issuing Taxable Sales Tax Revenue Refunding Bonds (FasTracks Project) Series 2021A (Green Bonds – Climate Bond Certified) and Tax-Exempt Sales Tax Revenue Refunding Bonds (FasTracks Project) Series 2021B (Green Bonds – Climate Bond Certified) (“Bonds”) to refund outstanding debt used to expand and improve Denver, Colorado’s regional public transportation system.

This Verifier’s Report reflects Kestrel Verifiers’ view of RTD’s projects and financing, allocation and oversight, and conformance of the bonds with the Climate Bonds Standard (V3.0), and the Transport sector criteria (Version 2). In our opinion, the Bonds are aligned with the internationally accepted Climate Bonds Standard and the Transport criteria (Version 2).

ABOUT THE ISSUER

The Denver Regional Transportation District (“RTD”) provides public transportation in eight counties surrounding Denver, Colorado. RTD is a public agency with a mission to provide safe, clean, reliable, courteous, accessible, and cost-effective public transit. RTD provides transit services to over 3.08 million people located within 2,342 square miles. These services include bus, rail, shuttles, ADA paratransit services, and, more recently, an expansion of transit through the FasTracks program.

RTD is committed to both social and environmental sustainability. Colorado’s statewide Climate Action Plan and House Bill 19-1261 set a goal to reduce emissions by 90% below 2005 levels by 2050. The transportation sector is the source of most greenhouse gas (GHG) emissions in the region. RTD actively tracks fleet and facility GHG emissions and continually aims to reduce their environmental impact. Initiatives to increase adoption of zero emission vehicles and expand access and system efficiency will support GHG emission reduction goals. RTD also provides strong public benefit through a focus on transit-oriented development, safety, and public health.

As of 2019, RTD has an average weekday ridership of over 320,000 and operates 146 transit service routes. Services include local and regional routes, transit to and from Denver International Airport, light rail, a free shuttle service in downtown Denver, curb-to-curb services, and door-to-door paratransit service for people with disabilities. RTD owns bus and rail maintenance facilities, light rail facilities, administrative buildings, and passenger terminals.

RTD maintains a high standard of transparency in all aspects of operations and planning and has a track record of prioritizing projects that have a demonstrated positive impact on transit access and sustainability. RTD has ongoing programs to expand transit signal priority for transit vehicles to increase speed and reliability of services. They are working to improve transit accessibility through the First and Last Mile Strategic Plan, and they consistently partner with other entities to improve the existing system and better serve the region.

ALIGNMENT TO CLIMATE BONDS STANDARD AND CERTIFICATION SCHEME

RTD has engaged Kestrel Verifiers to provide an independent verification on the alignment of the Bonds with the Climate Bonds Standard (V3.0) and Certification Scheme, and the Transport sector criteria (Version 2). The Climate Bonds Initiative (the “CBI”) administers the Standard and sector criteria. Additionally, Kestrel Verifiers has examined alignment of the Bonds with the United Nations Sustainable Development Goals (“SDGs”) and the drafted EU Taxonomy.

Kestrel Verifiers is a Climate Bonds Initiative Approved Verifier. The Kestrel review team included environmental scientists and public finance experts. We performed a Reasonable Assurance engagement to independently verify that the Bonds meet, in all material respects, relevant criteria defined in Figure 1.

For this engagement, Kestrel Verifiers reviewed RTD’s Green Bond Framework and relevant plans, environmental impact assessments, and budgets. We examined public and non-public information and interviewed members of RTD’s management and finance teams. Our goal was to understand the planned use of proceeds, procedures for managing proceeds, and plans and practices for reporting in sufficient detail to verify the Bonds.

Verifier’s Responsibilities

Kestrel Verifiers’ responsibilities for confirming alignment of the Bonds with the Climate Bonds Standard and Transport criteria (Version 2) include:

- assess and certify RTD’s internal processes and controls, including selection process for projects and assets, internal tracking of proceeds, and the allocation system for funds;
- assess policies and procedures established by RTD for reporting;
- assess the readiness of RTD to meet the Climate Bonds Standard (V3.0) and Transport sector criteria (Version 2); and
- express a Reasonable Assurance conclusion.

Relevant Climate Bonds Sector Criteria and Other Standards

The Bonds align with the Climate Bonds Standard (V3.0) and Transport criteria (Version 2).

Assurance Approach

Kestrel Verifiers’ responsibility is to conduct a Reasonable Assurance engagement to determine whether the Bonds meet, in all material respects, the requirements of the Climate Bonds Standard. Our reasonable assurance was conducted in accordance with the Climate Bonds Standard (V3.0) and the *International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Kestrel Verifiers has relied on information provided by RTD. There are inherent limitations in performing assurance, and fraud, error or non-compliance may occur and not be detected. Kestrel Verifiers is not responsible or liable for any opinions, findings or conclusions that are incorrect. Our assurance is limited to RTD's policies and procedures in place as of January 2021. The distribution and use of this verification report are at the sole discretion of RTD. Kestrel Verifiers does not accept or assume any responsibility for distribution to any other person or organization.

Use of Proceeds and Conformance to Sector Criteria



Proceeds from the Bonds will be used to refinance RTD's Sales Tax Revenue Bonds (FasTracks Project), Series 2012A ("2012A Bonds") and a loan pursuant to a Loan Agreement, dated as of December 1, 2011, as amended, between the District and the United States Department of Transportation, an agency of the United States of America, acting by and through the Federal Highway Administrator (the "TIFIA Loan"). The financed projects consist of electric rail, dedicated support facilities, and a minor portion to Bus Rapid Transit (BRT) projects which were originally authorized in 2004 by voters under the FasTracks program. Extensive environmental impact assessments were successfully completed for multiple projects. The assets have not been nominated for other Green or Climate Bonds.

FasTracks:

In November 2004, voters approved FasTracks transit tax for region-wide expansion of transit service over 12 years. The measure approved an increased sales tax by 0.4% to provide funds to build 122 miles of new commuter rail and light rail, 18 miles of bus rapid transit, and 21,000 new parking spaces at rail and bus stations. When voters approved the program in 2004, corridors for investment had been identified in Denver Regional Council of Governments' Regional Transportation Plan. The FasTracks program consists of six new rapid transit corridors and three existing corridor extensions and to expand and enhance service across the eight-county district. A subset of these projects were financed by the 2012A Bond and the TIFIA Loan to be refunded by the Bonds. All financed projects discussed below have been completed and are open to the public.

TIFIA Loan:

The TIFIA Loan was issued in 2011 to finance a portion of RTD's Eagle P3 Project which was a component of FasTracks. Eagle P3 Projects include expansion of fully electric rail line and construction of a maintenance facility dedicated to the electric transport system. Projects financed by the TIFIA Loan which were part of the Eagle P3 Project included the following:

- University of Colorado A Line: A 22.8-mile commuter rail line which provides service between Denver Union Station and Denver International Airport
- G Line: A 11.2-mile commuter rail line between Denver Union Station and Wheat Ridge
- Commuter Rail Maintenance Facility: A 31-acre site equipped and built solely to repair and maintain electric commuter rail vehicles and the commuter rail network

2012A Bonds:

The 2012A Bond which will be refunded was used to finance multiple electric light rail and electric commuter rail projects, an electric circulator bus, bus rapid transit (BRT) projects, and associated administrative costs. A full list of projects is included in Appendix B. Following is a selection of projects from the 2012A Bond:

Commuter Rail: A portion of the 2012A Bond proceeds financed the dedicated electric sections of the Northwest Rail NWR which connected transit service between Denver, Boulder, and Longmont. Commuter rail projects also include lines between the Commuter Rail Maintenance Facility (CRMF) and Pecos Street and the CRMF and Denver Union Station.

Bus Rapid Transit: The BRT projects include the construction of an Express Lane for BRT, improved electronic display signage at stations, construction of a commuter bikeway, and bus priority improvements at ramps.

Electric Light Rail: Projects in the Electric Light Rail category include the I-225 rail line (also known as the R line) that consists of a 22-mile light rail line with 16 stations in total and opened in 2017 for public use. System enhancements and extensions were also financed by the 2012A bonds on the Central (L Line), Southeast (E, F & H Lines), Southwest (C and D Lines), and West Corridor rail lines. The West Corridor line improved connection between downtown Denver, Lakewood, and Golden. The Southeast corridor was prioritized to reduce congestion and connect major employment centers in the region.

Electric Circulator Bus: A portion of the 2012A Bond proceeds financed the acquisition of fully electric buses for the 16th Street Free MallRide route. The all-electric Free MallRide shuttle buses went into service in 2016.

Sector Criteria

Transport Criteria (Version 2)

The projects financed by the TIFIA Loan and the 2012A Bonds align with the CBI Transport Criteria (Version 2) under the Asset Classes Infrastructure and Buses. The majority of proceeds financed projects which fall under the definition, “Dedicated infrastructure for electrified public transport.” These projects meet eligibility of the sector criteria with no further disclosure required.

A portion of the TIFIA Loan financed infrastructure for a bus rapid transit system (US 36 BRT). This bus line has sufficiently low emissions intensity (42 g CO₂ per passenger km) to meet the 2020 universal emissions intensity threshold (50 g CO₂ per passenger-km). While certain buses run on alternative fuels in the RTD system (biodiesel), the emissions intensity threshold is not exceeded when assuming the US 36 buses operate using 100% conventional diesel. Calculations and constants are provided in Appendix A.

Process for Project Evaluation and Selection

Multiple plans and oversight guide RTD’s efforts to build and maintain a sustainable regional transportation system. A 15-member elected Board of Directors governs RTD and directs decision-making. Denver Regional Council of Governments (DRCOG) (an association of local governments) works closely with RTD to provide project approvals and alignment with regional sustainability and development goals.

DRCOG is responsible for developing the Metro Vision Regional Transportation Plan (Regional Plan) which establishes a pathway to a coordinated transit and roadway system in the Denver metropolitan area through 2040. The Regional Plan is mandated by the U.S. Department of Transportation. DRCOG provides review of certain RTD activities, including approving financial plans for RTD rapid transit projects such as FasTracks. When voters approved the program in 2004, DRCOG had identified corridors for investment in the Regional Transportation Plan and RTD had led Major Investment Studies in each of the corridors. FasTracks planning was informed by three core goals:

- Provide improved transportation choices and options to the citizens of the district
- Increase transit mode share during peak travel times
- Establish a proactive plan that balances transit needs with future regional growth

RTD has submitted various reports and project change reports to DRCOG to establish a baseline system status and to monitor FasTracks project updates and changes. Most recently, the RTD Accountability Committee in DRCOG was established in June 2020 by Gov. Jared Polis to act as an independent reviewer of RTD operations. The partnership and accountability required by DRCOG ensures alignment of RTD projects with a vision for a sustainable future. DRCOG's Metro Vision has multiple pillars which guide long-range regional planning efforts in many sectors and uses key performance measures to indicate progress toward the goals.

RTD's recommendations for the Regional Plan are provided in their Long Range Financial Plan. On a slightly shorter timescale, RTD administers their capital program with the Mid-Term Financial Plan (MTFP). The MTFP is an RTD-specific, six-year financial plan which outlines expenditures on FasTracks and the Base System (all non-FasTracks projects and maintenance). The MTFP is updated annually and is used to determine the services that the District can provide in accordance with projected financial resources. It is also a component of the regional six-year Transportation Improvement Program which is required by federal regulation and is adopted biennially by DRCOG. The first year of the MTFP serves as the basis for the preparation of the annual budget.

Projects and expansion plans such as FasTracks are evaluated based on their relative costs and benefits, relative need, and to what extent they meet the RTD mission statement and Transit Asset Management. All of the Green Bond projects have been appropriated in the annual budget. RTD's Budget Office, Senior Staff, and Board of Directors all review projects before they are approved in the adopted budget.

Management of Proceeds

Proceeds from the Bonds will be allocated to refund and pay debt service through the optional redemption date on the Series 2012A Bonds and outstanding TIFIA loan which was administered and used solely to finance the eligible green projects. Proceeds will be tracked by the RTD Debt Manager and internal accounting. RTD's Chief Financial Officer prepares regular reports with financials for review by the Finance Committee and Board of Directors. The proceeds will be invested in U.S. Treasury Obligations or will not be invested prior to their use to pay principal of and interest on the refunded bonds. 100% of the proceeds financed the projects described in the Use of Proceeds section above and financing costs. Only bonds that financed projects which meet the Climate Bond Standard 3.0 are to be refunded with Climate Bond proceeds.

Reporting

RTD expects to report on the Bonds and the associated projects in multiple forms. RTD expects to continue to prepare FasTracks Status Reports and to submit these to DRCOG for inclusion in the publicly available Resource Library. Although project construction has been completed for the projects refinanced with the Green Bonds, these Status Reports provide relevant updates. RTD's existing Quality of Life Sustainability Reports have pertinent metrics and information regarding impact of the FasTracks Program and progress towards the FasTracks Program goals.



RTD will enter a continuing disclosure agreement to provide disclosures on the Municipal Securities Rulemaking Board (MSRB) so long as the Bonds are outstanding. The reporting will be done annually on the Electronic Municipal Market Access (EMMA) system operated by the MSRB.

Within 24 months of certification, Kestrel Verifiers will also provide one post-issuance Update Report to the Climate Bonds Initiative. This report will provide assurance that RTD is conforming to all of the post-issuance requirements of the Climate Bonds Standard and that the nominated projects continue to be in alignment with the Green Bonds Framework. It is expected to include information about uses of proceeds, funds allocated, and project status on a portfolio or project-specific basis. RTD intends to post this report as a voluntary disclosure on the EMMA website and on their website: www.rtd-denver.com/.

Impact and Alignment with UN SDGs



RTD's commitment to expansion of zero-emission, reliable and affordable public transport systems supports the sustainable vision of the UN Sustainable Development Goals (UN SDGs). The *2030 Agenda for Sustainable Development* adopted by all United Nations member states in 2015 provides "a shared blueprint for peace and prosperity for people and the planet." The United Nations' Agenda describes 17 Sustainable Development Goals (SDGs). The Bonds directly support UN SDGs 9 and 11 by expanding zero- and low-emission public transportation options in the Denver region. A comprehensive list of targets and background on UN SDG 9 and 11 is available on the United Nations' website: <https://www.un.org/sustainabledevelopment/>

UN SDG	Green Category (SDG Targets)	Possible Indicators
	<ul style="list-style-type: none"> Clean Transportation (Target 9.1) 	<ul style="list-style-type: none"> Number of people with access to sustainable transport systems Reduction in fossil fuel use as a result of bond projects
	<ul style="list-style-type: none"> Clean Transportation (Targets 11.2, 11.3, 11.6) 	<ul style="list-style-type: none"> Number of individuals with access to public transportation Avoided greenhouse gas emissions (tons CO₂eq) Avoided air pollutant emissions (other than greenhouse gases) Number of avoided hospitalizations as a result of improved air quality

Applicable SDG targets include:

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

CONCLUSION

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Bonds conform, in all material respects, with the Climate Bonds Standard, and the bond-financed activities are aligned with the Transport sector criteria (Version 2). RTD's efforts are expediting a transition to a zero-emission transportation sector and advancing regional greenhouse gas emission reduction goals.

ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based Women's Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This opinion aims to explain how and why the discussed financing meets the Climate Bonds Standard based on the information which was available to us during the time of this engagement (January 2021) only. By providing this opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Climate Bonds. It was beyond Kestrel Verifiers' scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by RTD. The opinion delivered by Kestrel Verifiers does not address financial performance of the Bonds or the effectiveness of allocation of its proceeds. This opinion does not make any assessment of the creditworthiness of RTD, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this opinion either to make investment decisions or to undertake any other business transactions. This opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in RTD or the projects discussed. Language in the offering disclosure supersedes any language included in this Verifier's Report.

APPENDIX A

The following methodology was used to determine the BRT infrastructure financed by the refunded TIFIA loan does not exceed the universal passenger threshold and is eligible under the Transport Criteria (Version 2).

Constants

g CO₂ per gallon diesel = 10,160¹

RTD Metrics

Total average passengers = 32.5²

Fuel efficiency: 4.6 mi per gallon conventional diesel = 7.4 km per gallon

Methodology

$$\frac{g \text{ CO}_2 \text{ per km}}{\text{total average passengers}} = g \text{ CO}_2 \text{ per passenger km}$$
$$\frac{1,372.4}{32.5} = 42.2 g \text{ CO}_2 \text{ per passenger km}$$

¹ U.S. Energy Information Administration, Carbon Dioxide Emissions Coefficients by Fuel. 2016. https://www.eia.gov/environment/emissions/co2_vol_mass.php. Accessed January 2021.

² 2019 US 36 BRT ridership

APPENDIX B

Table 1. Projects financed with the 2012A refunded bonds

Project Name	Project Type
Central Corr Enhancements	Electric Light Rail
Central Corridor Extension	Electric Light Rail
Colfax Cross-Over	Electric Light Rail
Communications Systems Upgrade	Electric Light Rail
CPV Enhancements	Electric Light Rail
CR Maintenance Facility	Electric Commuter Rail
CRMF to Pecos	Electric Commuter Rail
Downtown Circulator	Electric Circulator Bus
DUS Electrification	Electric Commuter Rail
DUS Systems- Eagle	Electric Commuter Rail
DUS to CRMF Corridor	Electric Commuter Rail
FasTracks Admin Projects	Administrative
I-225 Corridor	Electric Light Rail
I-225 LRT Vehicle Storage	Electric Light Rail
Longmont Station	Electric Commuter Rail
Northwest Rail NWR	Electric Commuter Rail
Peoria Interface Coordination	Electric Light Rail
Southeast Enhancements	Electric Light Rail
Southeast Extension	Electric Light Rail
Southwest Enhancements	Electric Light Rail
Southwest Extension	Electric Light Rail
US 36 BRT - Phase 2	Bus Rapid Transit
US 36 Managed Lanes	Bus Rapid Transit
West Corridor CNPA	Electric Light Rail

