

Schedule of Use of Green Bond Proceeds
(Expressed in thousands of dollars)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

And Independent Auditors' Report thereon

For the period from November 23, 2018 to June 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of South Coast British Columbia Transportation Authority

Opinion

We have audited the Schedule of Use of Green Bond Proceeds of the South Coast British Columbia Transportation Authority (the "Entity") for the period from November 23, 2018 to June 30, 2019 and notes and Attachment 1, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Schedule").

In our opinion, the accompanying schedule for the period from November 23, 2018 to June 30, 2019 of the Entity is prepared in all material respects, in accordance with the financial reporting framework described in Note 2 in the Schedule.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Schedule***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 in the Schedule, which describes the applicable financial reporting framework.

The Schedule is prepared to assist the Entity to report the use of the green bond proceeds to investors.

As a result, the Schedule may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the Schedule and the auditors' report thereon, included in the 2018 Green Bond Impact Report.

Our opinion on the Schedule does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Schedule, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Schedule or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the Schedule and the auditors' report thereon, included in the 2018 Green Bond Impact Report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the financial reporting framework described in Note 2 to the Schedule; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the Schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a Schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the Schedule whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
November 25, 2019

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Schedule of Use of Green Bond Proceeds

(Expressed in thousands of dollars)

For the period ended June 30, 2019

Proceeds of issuance:

Principal value of issuance	\$ 400,000
Issuance costs	(2,176)
Net proceeds available for allocation	397,824

Proceeds used for the allocation to Eligible Projects (Attachment 1):

Millennium Line Evergreen Extension	225,000
SkyTrain Station Upgrades	103,148
SkyTrain operations and Maintenance Projects	44,370
Refurbishment and Purchases of New Rapid Transit Vehicles (Train Cars)	12,092
Electric Bus Projects	8,200
Transit Centre Energy Efficiency Upgrades	3,358
Cycling and Pedestrian Infrastructure	1,656
Total allocated proceeds	397,824

Remaining unallocated proceeds	\$ -
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See accompanying notes to the Schedule of Use of Green Bond Proceeds.

Approved by:



Christine Dacre
Chief Financial Officer

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to the Schedule of Use of Green Bond Proceeds

For the period from November 23, 2018 to June 30, 2019

1. Background:

On November 15, 2018, South Coast British Columbia Transportation Authority ("TransLink") successfully issued its inaugural 2018 Series (Aa2/AA) TL-7 Green Bond of \$400 million, making it the first transit authority in Canada to issue a green bond. The settlement date of the transaction was November 23, 2018. The \$400 million 10-year bullet maturity bond was priced with a coupon interest rate of 3.25%, payable semi-annually until maturity on November 23, 2028.

Net proceeds from this transaction were used to finance or refinance environmentally friendly projects in accordance with TransLink's Green Bond Framework. Further, the net proceeds of approximately \$398 million from the green bond issuance were maintained in designated bank accounts. During the period from December 2018 to June 2019, the net proceeds were fully released from the designated accounts, representing funds invested in eligible projects in accordance with TransLink's Green Bond Framework.

2. Significant accounting policies:

(a) Basis of accounting:

The Schedule of Use of Green Bond Proceeds (the "Schedule") has been prepared in accordance with the following recognition and measurement principles:

- (i) allocation of proceeds from the issuance of the bond to the eligible projects is recognized and measured on a cash basis of accounting; and
- (ii) gross spend and estimated external funding for eligible projects is recognized and measured on an accrual basis of accounting.

The Schedule is not prepared in accordance with the presentation principles or the presentation of all the financial statements and related note disclosures required for a complete set of financial statements.

The Schedule was prepared to assist TransLink in disclosing its use of proceeds allocation activities related to the green bond. As a result, the Schedule may not be suitable for another purpose.

(b) Eligible Projects:

Proceeds from the bond issuance are restricted in purpose and will only be used to finance Eligible Projects, a group of selected projects that offer tangible environmental benefits, as defined in TransLink's Green Bond Framework and approved by TransLink's Corporate Finance department.

Management's interpretation of the Green Bond Framework is such that Eligible Projects include those that may be in progress as at June 30, 2019, or completed by TransLink between November 23, 2015 and June 30, 2019.

A list of eligible capital projects to which the green bond proceeds were allocated is included in Attachment 1.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to the Schedule of Use of Green Bond Proceeds

For the period from November 23, 2018 to June 30, 2019

2. Significant accounting policies (continued):

(c) Gross spend to date:

Gross spend to date includes all capital costs incurred for an Eligible Project from inception to June 30, 2019. These costs can be incurred earlier than November 23, 2015.

(d) Estimated external funding:

The estimated external funding for an Eligible Project is generally determined by the amount invoiced or claimed from external funders for the project by June 30, 2019.

External funding related to certain Eligible Project costs has not been invoiced or claimed by TransLink as at June 30, 2019 and is recorded at the estimated value of future funding to be received based on stipulations outlined in the relevant funding agreements.

(e) Use of estimates:

The preparation of the Schedule in accordance with the Green Bond Framework requires management to make estimates and assumptions that affect the reported amounts of spending, funding and green bond allocation during the period. Actual results could differ from those estimates.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Attachment 1 – Green Bond Funds Allocated
(Expressed in thousands of dollars)

For the period from November 23, 2018 to June 30, 2019

Green project names	Gross spend to June 30, 2019 (note 2(c))	Estimated external funding to June 30, 2019 (note 2(d))	Net green bond bond eligible cost to June 30, 2019	Green bond proceeds allocated to June 30, 2019
Millennium Line Evergreen Extension:				
Evergreen Line - TransLink Contribution	\$ 395,534	\$ -	\$ 218,349	\$ 218,349
Evergreen Extension Integration to Meet Current Standards	6,790	84	6,651	6,651
Millennium Line Evergreen Extension Subtotal ¹	402,324	84	225,000	225,000
SkyTrain Station Upgrades:				
Station Upgrade:				
Metrotown Station and Exchange Upgrade Design	65,538	34,800	30,738	30,724
Commercial Broadway SkyTrain Station Phase 2 Upgrade Design	74,838	28,242	46,596	46,389
New Westminster Station Upgrades Design	11,307	6,363	4,944	4,944
Surrey Central Station Upgrades Design	17,745	9,556	8,189	8,048
Joyce-Collingwood Station Upgrade Design	42,760	38,621	4,139	4,138
Canada Line Capacity Expansion	23,206	20,070	3,136	3,105
SkyTrain Signage:				
Expo and Millennium Line Signage and Station Fixture Replacement	9,045	3,240	5,805	5,800
SkyTrain Station Upgrades Subtotal	244,439	140,892	103,547	103,148

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Attachment 1 – Green Bond Funds Allocated (continued)

(Expressed in thousands of dollars)

For the period from November 23, 2018 to June 30, 2019

Green project names	Gross spend to June 30, 2019	Estimated external funding to June 30, 2019	Net green bond bond eligible cost to June 30, 2019	Green bond proceeds allocated to June 30, 2019
	(note 2(c))	(note 2(d))		
SkyTrain Operations and Maintenance Projects				
SkyTrain Power Upgrade:				
SkyTrain Wayside Monitoring & Control System (IANS Mon & Cont Subs)	3,892	-	3,892	3,892
EXPO Line Propulsion Power Upgrade	57,141	42,000	15,141	15,141
Rail Replacement:				
Running Rail Replacement	3,452	-	3,452	3,452
Expo Line Running Rail Replacement 2016	2,147	-	2,147	2,147
Rail Clamping Retrofit	4,332	-	4,332	4,332
Running Rail Replacement	3,048	-	3,048	3,048
Roofing Replacements (#1&2)	3,515	3,457	58	56
Running Rail Replacement	5,127	5,104	23	-
OMC Upgrade:				
Propulsion Power Existing Equipment Maintenance Upgrade	798	-	798	790
OMC 2 Completion Project	1,805	-	1,805	1,804
SkyTrain Storage - Coquitlam Vehicle Storage Facility Expansion	6,376	1,869	4,507	4,454
Edmonds OMC Capacity Upgrades	445	401	44	43
OMC 1 & 2 Space Optimization (F)	90	-	90	90
SkyTrain ATC:				
ATC Existing Equipment Replacement - Phase 2	4,333	4,257	76	76
ATC Existing Equipment Replacement on Expo Line	2,252	-	2,252	2,234
ATC System Recovery and Operation Improvements	2,518	-	2,518	2,495
SkyTrain Maintenance:				
MK3 Vehicle Lifting Jacks (F)	31	-	31	31
Railborne Equipment Replacement (F)	95	-	95	95
ExpoLine Traction Power Equipment Replacement	176	-	176	176
Rail Replacement – Energy Savings:				
LIM Rail Retrofit - Energy Savings (F)	14	-	14	14
SkyTrain Operations and Maintenance Projects Subtotal	101,587	57,088	44,499	44,370

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Attachment 1 – Green Bond Funds Allocated (continued)
 (Expressed in thousands of dollars)

For the period from November 23, 2018 to June 30, 2019

Green project names	Gross spend to June 30, 2019 (note 2(c))	Estimated external funding to June 30, 2019 (note 2(d))	Net green bond bond eligible cost to June 30, 2019	Green bond proceeds allocated to June 30, 2019
Refurbishment and Purchases of New Rapid Transit				
Vehicles (Train Cars):				
100-400 Series MK I Refurbishment Project	22,508	12,924	9,584	9,556
Canada Line Fleet Expansion - Fleet	24,131	23,138	993	984
PTIF Mark III Vehicle Procurement - Phase 1	97,285	96,064	1,221	1,214
PTIF Mark III Vehicle Procurement - Phase 2	52,640	52,301	339	338
Refurbishment and Purchases of New Rapid Transit Vehicles (Train Cars) Subtotal	196,564	184,427	12,137	12,092
Electric Bus Projects:				
Trolley Overhead (TOH):				
TOH Relocation - Design and Construction	2,030	-	2,030	2,030
TOH Metrotown Group Rectifier Replacement	3,312	3,174	138	138
Trolley Overhead Installation Downtown Vancouver	1,607	-	1,607	1,607
2016 TOH Pole Replacement	1,180	-	1,180	1,180
Rectifier Station PLC & Protective Relay Control Change Out - 2017	405	200	205	104
TOH Pole Replacement – 2017	3,533	1,744	1,789	1,440
TOH Pole Replacement – 2018	1,578	-	1,578	1,567
Fleet - Electric Bus:				
CUTRIC Battery Electric Bus Trial	5,204	5,070	134	134
Electric Bus Projects Subtotal	18,849	10,188	8,661	8,200
Transit Centre Energy Efficiency Upgrades:				
2015 PowerSmart Retrofits	750	-	750	750
STC Roof and Envelope Replacement 2015	1,424	-	1,424	1,424
WVTC Lighting Replacement Implementation	99	44	55	55
PowerSmart Upgrades – 2017	2,221	1,077	1,144	1,129
Transit Centre Energy Efficiency Upgrades Subtotal	4,494	1,121	3,373	3,358

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Attachment 1 – Green Bond Funds Allocated (continued)

(Expressed in thousands of dollars)

For the period from November 23, 2018 to June 30, 2019

Green project names	Gross spend to June 30, 2019 (note 2(c))	Estimated external funding to June 30, 2019 (note 2(d))	Net green bond bond eligible cost to June 30, 2019	Green bond proceeds allocated to June 30, 2019
Cycling and Pedestrian Infrastructure:				
TransLink Owned Bicycle Infrastructure	\$ 961	\$ -	\$ 961	\$ 961
Bike Monitoring Program	10	-	10	10
Evergreen Extension Station Bicycle Parkades	1,936	1,436	500	499
WCE Stations & Carvolth Exchange Bicycle Parkades	256	-	256	186
Cycling and Pedestrian Infrastructure Subtotal	3,163	1,436	1,727	1,656
Grand total	\$ 971,420	\$ 395,236	\$ 398,944	\$ 397,824

¹ Green Bond Funding for Millennium Line Evergreen Extension Capped at \$225 million.