

# Independent Verification Statement

To: The Management of New York State Energy and Research Development Authority (“NYSERDA”), Ramirez & Co. and Climate Bonds Standard Board (CBSB)

Date: February 16, 2018

## Introduction

First Environment, Inc. (First Environment) was engaged by NYSERDA (“Issuer”) via Ramirez & Co. to provide independent pre-issuance Climate Bond verification of its Residential Solar Financing Revenue Bonds, Series 2018A as presented in the Preliminary Official Statement (dated February 13, 2018\*) and Green Bonds Framework (dated February 13, 2018). First Environment conducted the verification from January 26 through February 15, 2018. First Environment is an approved verifier by the Climate Bonds Standard Board operating for this engagement within the jurisdiction of the United States, specifically the State of New York.

## Verification Scope

Specific scope for the verification is outlined in the table below:

<b>Issuing Entity</b>	New York State Energy and Research Development Authority (Responsible Party)
<b>Bond Issuance/s</b>	Residential Solar Financing Revenue Bonds, Series 2018A*
<b>Type of Climate Bond</b>	Use of Proceeds Revenue Bond
<b>Climate Bonds Taxonomy</b>	Energy: Solar (Photovoltaic Solar Electricity)
<b>Pre- or Post-Issuance</b>	Pre-Issuance
<b>Impact Reporting Period</b>	Not Applicable (pre-issuance)
<b>Sources of Information</b>	NYSERDA Staff interviews. Documents include Preliminary Official Statement (February 13, 2018*), Internal Green Bond Framework (February 13, 2018), Internal “Loan Tape” report as of 1/16/2018, NY-Sun Residential and Small Commercial Program Manual (April 2017, Version 22), and NY-Sun Incentive Program, Participation Agreement, March 2017, Rev 04.

\*Preliminary, subject to change.

## Standards and Auditing Ethics Used for Verification

The following table outlines the Standards, Level of Assurance and Materiality used to conduct this verification:

<b>Standard of Verification</b>	<ul style="list-style-type: none"> <li>• Climate Bonds Standard, Version 2.1 (CBS);</li> <li>• CBS Sector-specific criteria: Sector Criteria for Solar (version 2.1)</li> </ul> <p>Limitation of CBS: The Climate Bonds Standard is designed specifically to allow investors, governments, and other stakeholders to prioritize 'low carbon and climate resilient' investments with confidence that the funds are being used to deliver a low carbon and climate resilient economy. It is not a financial standard and does not imply any impact on the credit ratings of specific investments.</p>
<b>Verification Process</b>	<ul style="list-style-type: none"> <li>• The Climate Bonds Standard Assurance Framework</li> <li>• The Climate Bonds Verification Agreement</li> <li>• ISAE 3000 (revised 2013), Assurance Engagement Other than Audits or Reviews of Historic Financial Information.</li> <li>• Applicable professional ethics and quality control principles such as those presented in ISO 14065 for validation and verification bodies (2007).</li> </ul>
<b>Level of Assurance</b>	<ul style="list-style-type: none"> <li>• Limited Level of Assurance.</li> </ul> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>• Qualitative non-conformities with the most recent Climate Bonds Standard or related Sector-specific criteria are considered material.</li> <li>• Quantitative misstatements greater than five percent of the numeric sector-specific criteria are considered material.</li> </ul>

## Conclusions

First Environment has performed independent pre-issuance Climate Bond verification of NYSERDA's Residential Solar Financing Revenue Bonds, Series 2018A as presented in the Preliminary Official Statement (February 13, 2018\*) and Green Bonds Framework (dated February 13, 2018). Detailed results of this verification have been documented and provided to the management of NYSERDA and the Climate Bonds Standard Board (Climate Bonds Standard Verification Report, February 15, 2018).

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that NYSERDA's Residential Solar Financing Revenue Bonds, Series 2018A used to finance loans made by the Authority to fund the installation of solar electric systems is not prepared, in all material respects, in accordance with the pre-issuance requirements of the Climate Bonds Standard v2.1 and the Solar Sector Criteria v2.1.



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\*Preliminary, subject to change.