Better Buildings Webinar Series

We'll be starting in just a few minutes....

Tell us...

What topics are you interested in for future webinars?

Please send your response to the webinar organizers via the question box.
Rethinking Leasing: Spotlight on the 2019 Green Lease Leaders

November 12, 2019
3:00 – 4:00 pm EDT
Today’s Presenters

Audi Banny
Institute for Market Transformation

Nicole Stika
Greater Cleveland Partnership

Sara Neff
Kilroy Realty Corporation

John Sasser
Sabey Data Centers
Polls
How Green Leases Unlock Higher Performance in Buildings

Green leases, also known as “high-performance” or “energy-aligned” leases, revolutionize the rental negotiation process by creating win-win agreements for building owners and tenants that equitably align the costs and benefits of energy and water efficiency investments for both parties.
Launched in 2014 by the Institute for Market Transformation (IMT) and U.S. Department of Energy’s Better Buildings Alliance to:

- Define best practices in green leasing and remove the “split incentive” barrier.
- Shine a spotlight on leading-edge property owners, tenants, brokers, and real estate teams that meet the Green Lease Leader standards.
- Provide technical support and free resources to the real estate market.
- Enable higher performance in leased buildings and spaces through collaborative sustainability.
Shift in Leasing Practices: Green Leasing Trends

Audi Banny
Institute for Market Transformation
Shift in Leasing Practices
Green Leasing Trends

Audi Banny | Private Sector Engagement
IMT’s Mission

• IMT catalyzes demand for high-performing buildings. We see a clear path to reducing energy use by 30% across U.S. commercial, industrial, and multifamily buildings by 2030 using practices and technologies available today.
Making an Impact On Leased Space

In 2019 25 individual organizations that own or manage more than 495 million square feet

10 Gold recognition

14 Silver recognition

1 team transaction recognition

Since 2014, Green Lease Leaders has Recognized tenants, property owners, and real estate teams that represent more than 2 billion square feet of commercial, industrial, and retail space for meeting the Green Lease Leaders standard.
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**Green Lease Leaders 2.0**

**Silver and Gold Designation**

**Team Transaction**

2 Prerequisites

5 Credits from 10 Options
Energy Solutions for Your Business

November 12, 2019
Challenge: Split Incentive

My Energy Checklist

- SCHEDULE: Schedule energy assessment.
- PROVIDE: Provide building walk through and utility bills for the assessment.
- REVIEW: Review report and savings opportunities — is there an opportunity? (Yes/No)
- PRIORITIZE: Prioritize projects (per capital requirements, savings opportunities, business/facility needs/plans).
- COORDINATE: COSE Energy Advisor to coordinate contractor quotes for complete installation cost.
- IDENTIFY: Identify ways to maximize ROI (i.e. rebates financing, tax credits, green leasing).
- INSTALL: Project(s) installation.
- ARRANGE: Arrange for preventative maintenance for long-term energy savings.

Next Steps: (1) INTEGRATE ENERGY-ALIGNED LEASE PRACTICES (2) ENGAGE LANDLORD AND TENANTS TO ACHIEVE GREATER ENERGY EFFICIENCY

Other Notes:
Overcoming the Split Incentive
Tenant space is responsible for 50% of energy use in office buildings, so owners who want green buildings need green tenant spaces.

Landlords want long-term tenants, competitiveness

Green Leases can reduce utility bills by up to $0.51 per sq. ft. Green Leases have the potential to reduce energy consumption in an office building by 11-22%
Overcoming Split Incentive Challenge

Enter the green lease

THE TENANT NEGOTIATES
Making the space greener during build-out
Submetering her electricity, so she’s paying for what she actually uses—which will encourage her to use less

THE OWNER NEGOTIATES
Passing some of the costs of energy upgrades onto the tenant
Tenant Spaces

To lower your building’s energy usage, focus on opportunities in tenant spaces.

- Landlords can require **efficient tenant build-outs**
- **Sub-metering** tenants creates transparency and savings
- **Change building operating hours** to limit building-wide HVAC use on nights/weekends
- Practice **daytime cleaning** so that building core systems can shut down earlier
MAN Holdings: Cleveland’s First Privately CPACE Financed Retrofit

Value Creation And Cash Flow
Extensive sustainable green upgrades and remarketing to lower expenses, bring rents to market level and transition property to an income producing asset.

SHAKER WEST: BY THE NUMBERS

- 20 year financing
- 100% of project costs
- 42% reduction in energy expenses
- $16,000 in rebates and discounts from GCP/COSE
Aligning Landlord & Tenant Goals

Outcomes:

• Integrated Coffee House into campus wide University sustainability master plan
• Transparency and utility data sharing
• Capital expense sharing
• Ongoing alterations that will now only be energy efficient
• Landlord and tenant maintenance-sustainability best efforts

The Coffee House

The Coffee House was founded in 2009 and is owned by Case Western Reserve University. The shop is situated in a building located in a center of education, medicine, arts, and cultural institutions, known as University Circle. In addition to coffee, the business serves homemade pastries, teas, soups, sandwiches, and pastries. The Coffee House building was originally constructed in 1907 as a residence by the founder of Central National Bank, and comprises approximately 923 square feet, including the basement. It was later endowed by Case Western and had many lives before transforming into the retail establishment that it is today.
THANK YOU

Nicole Stika
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Greater Cleveland Partnership
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How You Can Save the World By Investing in Kilroy Realty Corp

In a first for a U.S. REIT, Regency Centers issues "green bonds," allowing you to invest directly in environmentally friendly projects.

We lost this image. Here is a Foolish dragon In its place instead.

The environment is a fragile place, and company claims of environmental stewardship often conflict with corporate profitability. However, one sector is leveraging funding that helps pave the way for valuations and the corporate green.
Green Leases at Kilroy Realty: Coworking Addition
Capital Investment Recoverability
After Hours Consumption
Energy Procurement
DESIGN STANDARD & BUILDING STANDARD

INTRODUCTION
Kilroy Realty Corporation has had a strong commitment to sustainability over the past six decades. These building standards are designed to maintain the level of quality and sustainability expected of our Class A properties, and to help our tenants achieve their own environmental goals.

Many of the requirements and suggestions in these standards are based on the LEED for Commercial Interiors v2009 rating system; tenants are encouraged to pursue LEED for Commercial Interiors certification in either LEED v2009 or LEED v4 for their improvements.

 DESIGN CRITERIA
This section addresses aspects of a project that are not expressly addressed in the Standards section that follows. The purpose of these design criteria is to maximize the energy efficiency, materials use, and indoor environmental quality of the completed Class A tenant improvements.

ENERGY EFFICIENCY
Projects must implement the required prescriptive energy efficiency measures found throughout this document. If the tenant chooses, they may instead produce an energy model demonstrating that the project achieves an overall energy reduction of 10% or more below the requirements of Title 24-2014.

METERING AND SUBMETERING
1. Tenant is required to install submetering equipment to measure and record energy use within the tenant space.
2. Tenant is encouraged to develop and implement a measurement and verification (M&V) plan that incorporates the monitoring information from the above end uses and is consistent with Option B or C of the 2007 International Performance Measurement & Verification Protocol (IPMVP) Volume I: Concepts and Options for Determining Energy and Water Savings.
3. Tenant is encouraged to provide a process for corrective action if the results of the M&V plan indicate that energy savings are not being achieved.

WATER SENSORS
Tenant shall install web-enabled wireless water leak sensor devices designed to alert the Tenant on a twenty-four (24) hour seven (7) day per week basis if a water leak is occurring in the Premises. The Water Sensors shall be installed in any areas in the Premises where water is utilized (such as sinks, pipes, faucets, water heaters, coffee machines, ice machines, water dispensers and water fountains), and in locations that may be designated from time to time by Landlord.

EQUIPMENT
1. Tenant shall install ENERGY STAR® qualified equipment for ENERGY STAR® eligible equipment installed as part of the tenant’s scope of work. Includes appliances, office equipment, electronics, and commercial food service equipment.
Green Cleaning and Recycling
Utility Consumption Disclosure
Contact Information
Green Leasing Advice

- Benchmarking ordinances help engage legal
- Don’t reinvent the wheel
- Get a green lease template
- Add a few softballs
- Green up your Building Standards
- Prepare for pushback
- Show gratitude
- Apply for recognition!
Brokers for Better Buildings Twitter Campaign
GREEN CLEANING

"OUR GOAL IN 2016 IS TO INCREASE OUR SUSTAINABLE CLEANING SUPPLY SPEND TO 92% (UP FROM 86%). THIS INCLUDES PAPER AND CLEANING PRODUCTS."

360 THIRD STREET
SAN FRANCISCO, CA

DOMINICK STALLONE
360 THIRD STREET
SAN FRANCISCO, CA

Years at BRC: 4 years
Years in Engineering: 25 years

SIGNIFICANT ACCOMPLISHMENTS:
- LEED Gold Certification
- ENERGY STAR Certification
- BOMA 360 Certification
- Increase in 15% for 200% occupancy

IMPORTANT PROJECTS:
- Complete Building Remodel
- Rooftop Harvesting
- Demand Response
- Grid-to-Site Energy Optimization
- LED Lighting Retrofit
- ASHRAE Level II Audit
- FRAC Upgrades
- Controls Optimization

ENGINEER EFFICIENCY RECORD:
- ENERGY STAR Score 94
Kilroy Green
@kilroygreen

We are so excited to be launching our Brokers for Better Buildings Twitter campaign! Look out all summer for highlights on brokers that have worked on green leases in our portfolio! @IMT_speaks @ENERGYSTAR

11:06 AM - 24 May 2018

2 Retweets 12 Likes
Brokers for Better Buildings: Nicole Mihalika @JLL has helped execute 50+ deals and counting in our #LEED Gold & @ENERGYSTAR Sunset Media Center #Hollywood bldg @IMT_speaks @USGBC
Brokers for Better Buildings: Marc Spellman & @daltonsaber31 @CBRE helped us sign 6 green leasing deals totaling approximately 26,000 RSF at #LEED Gold & @ENERGYSTAR certified Calabasas Park Centre so far this year. @cbregreen @IMT_speaks
Brokers for Better Buildings: Ryan Egli & Matt Carlson @CBRE helped us sign a ~150,000 green lease in our @ENERGYSTAR Kilroy Sabre Springs campus in #SanDiego @cbregreen @IMT_speaks
Brokers for Better Buildings: Erika Elliott & Anne Cecconi @Colliers helped sign a ~9,000sf deal w/ @BallastPoint at The Exchange #SanFrancisco going for #LEED Platinum @IMT_speaks
Green Lease Leaders
2016 GREEN LEASE LEADERS: TEAM TRANSACTION AWARDS

IREM
KILROY REALTY CORPORATION
KILROY REALTY CORPORATION
GNP RealtyPartners
YuMe
Dropbox
CBRE
Allen Matkins
Allen Matkins
KILROY REALTY

WHERE INNOVATION WORKS
Green Lease Leaders: Sabey’s Experience

John Sasser
Sabey Data Centers
Green Lease Leaders – Sabey’s Experience

Green Lease Leaders Webinar
Tuesday, November 12th, 2019
Sabey Data Centers – Who We Are

- **Intergate.Seattle**: 1.2 Million SF
- **Intergate.Ashburn**: 900,000 SF
- **Intergate.Columbia**: 408,000 SF
- **Intergate.Quincy**: 438,000 SF
- **Intergate.Manhattan**: 1.1 Million SF
Why Green Lease Leaders?

Useful lease language and practices. For example:
• Renewable energy
• Alignment of efficiency projects cost and benefits

Reflection of our commitment to the environment
Our Experience

• Landlord Reference Guide clear
• IMT / DOE people responsive and helpful
• Flexibility on optional credits (implemented all except for 2 and 7)
• Coordination between Ops / Sales / Legal
Outcomes and Expectations

• GLL Template standard for future leases
• 1st Lease – Tenant accepted GLL terms
• Will help us as we move forward with implementing renewable energy goals
Questions?

Green Lease Leaders Webinar
Tuesday, November 12th, 2019
Learn More and Apply to be Recognized

www.greenleaseleaders.com
Green Lease Leaders

www.greenleaselibrary.com
Green Lease Library
Q & A
2019-2020 Better Buildings Webinar Series

BACK BY POPULAR DEMAND:
THE BEST OF THE 2019 BETTER BUILDINGS SUMMIT
Tue, Sep 17, 2019 | 3:00 - 4:00 PM ET

GETTING TO 100%:
OVERCOMING BARRIERS TO TENANT DATA COLLECTION
Tue, Oct 1, 2019 | 3:00 - 4:00 PM ET

ENERGY EFFICIENCY AND RENEWABLE ENERGY IN SMALL AND RURAL K-12 SCHOOLS
Tue, Oct 22, 2019 | 3:00 - 4:00 PM ET

RETHINKING LEASING:
SPOTLIGHT ON THE 2019 GREEN LEASE LEADERS
Tue, Nov 12, 2019 | 3:00 - 4:00 PM ET

HOW BUILDINGS OF ALL SHAPES AND SIZES ARE BECOMING ZERO ENERGY USERS
Tue, Dec 3, 2019 | 3:00 - 4:00 PM ET

BEST OF THE BETTERS:
THE 2019 BETTER PROJECT AND BETTER PRACTICE PRESENTATIONS
Tue, Jan 7, 2020 | 3:00 - 4:00 PM ET

SAVE MONEY AND BUILD RESILIENCE WITH DISTRIBUTED ENERGY TECHNOLOGIES
Tue, Feb 4, 2020 | 3:00 - 4:00 PM ET

BUILDING VALUE:
ENERGY EFFICIENCY’S IMPACT ON FINANCIAL PERFORMANCE
Tue, Mar 3, 2020 | 3:00 - 4:00 PM ET

FINANCE + RESILIENCE:
INSIGHTS FROM INDUSTRY LEADERS
Tue, Apr 1, 2020 | 3:00 - 4:00 PM ET

GET SMART (LABS):
RESULTS FROM THE SMART LABS ACCELERATOR
Tue, May 5, 2020 | 3:00 - 4:00 PM ET
From affordable student housing to high-infill offices, a rapidly accelerating building trend is the proliferation of zero energy buildings. Embracing "deep" energy efficiency, these projects prioritize efficiency and add on-site renewable generation to achieve net zero energy use over the year. Come hear about the financial, technological, and design process innovations that make these projects a reality today.

**Speakers:** Rachel Bannon-Godfrey, Stantec; Greg Farley, Washington College; Jason Fierko, EwingCole
Additional Questions?

Please Contact Us

Follow us on Twitter @BetterBldgsDOE

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