

*Holly Carr:*

Hello, this is Holly Carr from U.S. Department of Energy. Thank you for joining our webinar today, titled How to Become a Green Lease Leader: The Latest in High-Performance Leasing Practices and Recognition.

Today we've got an all-star lineup for you. We can go to the next slide and see who those folks are. I don't know if I would include myself in the all-star lineup, but definitely Sara Neff and Alexandra Harry will present to you on both the whys and the how's and the when's of participating in Green Lease Leaders. And I'll kick it off with an introduction to just the concept of green leasing and why organizations might want to consider it and also an overview of the Green Lease Leaders program as it stands today.

Sara Neff is senior vice president of sustainability at Kilroy Realty Corporation. Sara and her organization are current Green Lease Leaders, recognized as Green Lease Leaders in previous years of the program. So Sarah is going to provide a nice perspective in the trenches of Kilroy experience with green leasing and why they have found these practices beneficial to their business.

Alexandra Harry is a program manager with market engagement at the Institute for Market Transformation here in D.C. Alexandra is very involved in the inner workings of the Green Lease Leaders program and he really implements this program with support from DOE. So Alexandra is going to give us an up-close and personal view of the new online application and how folks can go through the nuts and bolts of applying for Green Lease Leader recognition. Next slide, please.

Actually, I think we can go to the next slide. I kind of covered the agenda here.

We were supposed to have a poll. Do we have a poll somewhere in the lineup or is that not in there? Hey, there it is. I would like to find out who is in our audience today. So if folks could quickly respond to this poll and let us know if your organization is primarily a landlord, a tenant, or both. I suppose if you are a consulting organization, you can let us know which client type you serve. And we'll close this down in about five seconds. Get folks responding to that and then we'll take a quick peek at the responses.

Okay, pretty even here. A few more landlords than others. But great to know a little bit about who is on the line.

We are going to jump into the content now, starting off with what is green leasing and what is Green Lease Leaders. We encourage you to use that question box in your dashboard there for the webinar to send in questions as you have them as you hear the presenters today. We are going to be collecting those questions, forwarding them to the right presenters, and we will have I hope a nice, meaty Q&A period at the end where we can respond to as many of those questions as possible. All right, next slide please.

So what is green leasing? We've sort of prefaced our green leasing work in general with some building principles. And those are that tenants and landlords should know how much energy their buildings use, pay for energy upgrades commensurate to the financial benefits they receive, and realize savings from cost-effective maintenance and behavioral energy best practices that they undertake.

All this to say transparency, transparency, transparency. The right folks to be benefitting from the right actions when it comes to energy efficiency in lease spaces. And all of the best practices and the prerequisites and credits that you'll see in the green lease leaders ratings system today really reflect these basic guiding principles for both tenants and landlords. Next slide please.

This slide provides kind of a visual example of what a green lease is. IMT has defined green leasing as energy aligned or green leases which equitably align the costs and benefits of energy and water efficiency investments between building owners and tenants.

So a couple of examples here in this photo of a mall. You see on the left-hand side the landlord installs a new high-efficiency RTU. And in order to make that additional investment in high-efficiency equipment pencil out, there may be an agreement in the lease that the tenant would actually pay the incremental upcharge from a lower efficiency to a higher-efficiency unit because the tenant is going to be paying the bills and reaping the benefits of that lower energy use over time. So that's one example and a lease clause that might be included in an executed lease to make that happen.

Over on the right-hand side you see another example with solar panels all over this rooftop. So the landlord has installed solar panels on the rooftop and sells that power to the tenant as on-site renewable energy. That sales price is typically a little bit lower than what the tenant could purchase power for on the grid from the local utility. And so they are able to have a stable cost of energy, a

slightly lower cost of energy, and also potentially reduce their own greenhouse gas emissions depending on who takes the credit for that solar energy, whether it's the landlord or the tenant. Next slide, please.

Many, many benefits to including green lease clauses and practices in your organizations' leasing. Certainly there is a cost benefit. IMT in a 2015 study found that utility bills can be reduced by up to 50 cents or a little over 50 cents per square foot with green leasing best practices in place. Obviously this increases net operating income and can reduce occupancy costs for tenants and landlords as well depending on where those improvements are made.

Typically an energy efficient space is also a pleasing space and can increase occupant satisfaction both aesthetically and from a financial perspective, that the occupants are moving into a space that is going to cost them less over time.

And certainly last but not least is the potential to improve landlord-tenant communication and relationship simply by having these conversations and by working to collaborate with one another, green leasing can really have a positive impact across the entire relationship. Next slide, please.

So enter Green Lease Leaders. This program was initiated in 2013 by the Department of Energy and the Institute for Market Transformation. The program really aims to define best practices in green leasing. We also offer resources and technical support through our website as well as recognition on an annual basis for both tenants, landlords, and brokers who document, use best practices, and are able to show that they are implementing them in their businesses. And then finally, the final goal here is to drive higher performance in lease space. Next slide, please.

So to date we have 29 landlords, six tenants, seven brokers, and five team transactions, which are typically a landlord, a tenant, and a broker working together on an individual transaction that represents best practice. These folks have all been recognized between 2014 and 2017 as Green Lease Leaders and these participating organizations represent over 1.2 billion square feet of commercial real estate as well as \$24 million in annual cost savings based on the practices that they have implemented in their space.

The next slide shows you a little more detail of who all these folks are in logo format. There you go. So you can see a nice variety of

all kinds of tenant and landlord organizations involved. And we are certainly hoping that this coming year we will add many, many new logos to this slide and crowd it out a little bit. Next slide, please.

So over the past year we have been working with Lawrence Berkeley National Lab and IMT to update and enhance the Green Lease Leader recognition. A couple of highlights of those enhancements include an explicit portfolio of commitment. We ask that folks who participate in Green Lease Leaders are all-in, to use a Green Build phrase from last week. That you really cover all of your U.S. buildings or leased spaces in the commitment. However, we understand that sometimes a full-portfolio commitment is not feasible. So we are open to folks participating in Green Lease Leaders on a regional basis or with a particular fund, or nationwide of course.

Secondly, we have added two levels of recognition to Green Lease Leaders. The first level is a silver or foundational level where you are simply putting policies and programs and standard lease template documents into place and preparing that foundation for implementing green leases across your portfolio.

The second or gold recognition level is for those who are implementing green leases actively across the portfolio. So you've got the foundational, you've got all the documents, the policies, the procedures in place, and you're also making it happen in executed leases.

We've also added some flexibility to the ratings system. So we ask that folks complete two prerequisites plus five of nine credits. So there are some choices in what works for your organization and what doesn't.

And last but not least, a brand-new website, lots of new resources and templates to help facilitate application for recognition. Next slide, please.

I know there's a lot here, but I did want to put up the requirements for both tenants and landlords. You can see there are two prerequisites here for tenants which includes the second prerequisite, which is really very closely aligned with the new Energy Star Tenant Space recognition. So Green Lease Leaders does not require that folks actually earn recognition for every single space in their portfolio, but that you have a policy in place that aligns with Energy Star Tenant Space. Second, moving down

to the credits. You'll see there are nine different credits that you can choose from. And we request that applicants for recognition choose five of those to pursue. Let's move on to the landlord slide.

If we had the landlord and tenant criteria side by side, you would see that many of these prerequisites and credits correspond very closely to those for tenants. And that really is to enable a conversation between landlords and tenants. Where it says disclose whole building Energy Star scores annually, item three there, there is a connected credit three for tenants to request that Energy Star score annually. So each of these credits is really meant to start a conversation between landlords and tenants.

I will point out number nine for both landlords and tenants, is demonstrate innovation in leasing. This is a new credit and it really is an open credit to let folks show us your creativity. And this is where innovation comes from, is folks in the trenches doing this work and coming up with creative ideas to work with landlords and tenants and to advance energy efficiency in leased spaces. So if you're doing something interesting, different, new, let us know about it and it will likely be worth a credit in this ratings system. Next slide, please.

So we went over this a little bit, the requirements for recognition and the differences between foundation level and implementation level. As I mentioned, gold level is everything that happens in silver, but also showing documentation of at least one executed lease that contains all of the elements of the credits and prerequisites. We ask for information about the square footage of your portfolio that is covered under these leases. So the hope is that as you move forward executing new leases or renewing existing leases, that these policies and standards that you put in place will apply to those new and renewing leases. We are not asking or requiring that folks go back and renegotiate existing leases. This is only for activity that you have moving forward.

And then finally for the gold level there is also a cases study involved. So we really want to know what is working for you and we want to show examples of best practice in particular lease spaces or examples of corporate innovation that we can share with others that they may be able to replicate in their own portfolios. Next slide, please.

All right, so this is our testimonial. We are grateful to have Sara Neff on the line to talk with us a little bit about Green Lease

Leaders from the landlord perspective. So I am going to turn it over to Sara and let her tell you the story of Kilroy.

*Sara Neff:*

Hi, everybody. This is Sara. And I have to just before I start apologize. The floor above us is undergoing, I promise, a very green tenant fit out right now. So if you hear banging, that's them. Anyway, so we can just go to the next slide.

My name is Sara Neff. I am the senior vice president of sustainability for Kilroy Realty. And I am going to talk about why we bother with green leasing and how we implemented that and then what the benefits have been since then. And I'll give three very short stories about how that has played out.

So why green leasing? For starters, the whole point is saving energy. For example, if I want to do a lighting retrofit, we need to be able to do that. And that requires capital recovery language. Same with water. When I want to do an irrigation upgrade, I need to be able to do that and I need to be able to recover that investment back from our tenants. And that is why the capital recovery language is one of the prerequisites in green leasing because it really is the foundation for everything [Break in audio] Kilroy without it.

And maybe I should take a second and talk about what my job is. I run our sustainability programs here, which span our existing portfolio, our development, and then all of our disclosures. And we'll get to that right now.

So it's my job to reduce our energy use, it's my job to reduce our water use and all that other fun stuff. And it's also my job to report all of this information about all the good stuff we do and all of our consumption to everything these days. So we have a sustainability report. That has all the info \_\_\_\_\_ real estate sustainability benchmarks, ask for all the data. And a fun fact is that investors seem to be – it's hard for them still to figure out what is good and what is bad. Right now the more prized thing is your \_\_\_\_\_ coverage rather than showing reductions. Because it's hard. Is a two percent reduction good? Hard to say. Like I strive for two percent every year. We've been doing sustainability for a long time. But maybe somebody who has major reduction opportunities, anything less than ten percent would be difficult.

And then in addition there's just this flood of other disclosure requirements that I'm dealing with in the Carbon Disclosure Project, Down Jones Sustainability Index. Without requiring

tenants to provide me with their energy data for those tenants – and it's about half my portfolio of tenants that pay their energy directly to their utilities – my life would be incredibly difficult. It's still difficult to have to wave leases in everyone's faces periodically. I'm doing it right now for Energy Star partner of the year and trying to get our data back from all of our tenants. But it's our lease that allows me to do that. So I need the lease to be green, in order to actually be able to do my projects and then report on my projects. So that is how I began doing energy efficiency.

I will just really quickly taken an audience question. Somebody wanted to know if I've used PACE for any of my upgrades to keep it within the leasing frame. I would be allowed to use PACE per our leases. The reason we don't is because there's some REET accounting issues with how PACE affects funds available for distribution. So it doesn't work for us at Kilroy. Can we go to the next slide? Great.

So how did we implement green leasing at Kilroy? First I just want to say that I stand on the shoulders of giants. So I inherited the cost recovery language at Kilroy when I got here seven-and-a-half years go. And that is because our fantastic guy who is in charge of leasing recognized decades prior how important it was for us to be able to upgrade our buildings.

And so what our cost recovery language says that's critical is that we can recover our costs not only – you have options. So you can recover it over the lifetime of the asset if you want or you can recover it over the payback period. And that's really what's important. Leases roll on average every five years. And if you can't recover your lighting retrofit before all the tenants move out, then it's going to be really, really hard to justify that benefit. And so that has been an absolutely non-negotiable point in every Kilroy lease since time immemorial. And so I had a really great foundation when I started here. So we were already I would say light green.

And then the next thing that happened was that we were doing a lot of LEED certifications and I was in charge of all of those for our development portfolio. And for those of you who are LEED practitioners, you know that the Green Building Certification Institute has strange feelings about what has to go into our leases. For those of you who are in California, you may have noticed that they have chosen not to believe us that our projects have to meet code. And so they kept asking us to put into the lease that tenants would meet a certain level of water efficiency or installed lighting

even though the strict California energy and water codes don't allow more lighting.

And so I kept making our legal teams have these strange on-off requests that were happening over and over and over again as we built more and more and more. And I was basically becoming an increasing annoyance for the leasing process.

The other thing that happened was that benchmarking requirements in cities – this is IMT's map that I stole from them – started getting passed more and more. So we have the San Francisco ordinance where we own property, Seattle, California has statewide legislation, Los Angeles provided it. And so having utility disclosure language in our leases just became absolutely critical.

And I just want to make a note here that all leases say tenants have to comply with laws. I find that that is just not strong enough. We have some existing leases for tenants that have been around forever. And the argument has always been, well, whatever benchmarking law is a law, the tenants have to help you comply. And I – that's just too many words. People don't get it. Because then you have to find the ordinance language, and when was it required and why do I have to do it. Just put the utility disclosure language in the lease and it solves the problem. So those were sort of the motivating factors. We already had a pretty green lease, so our lawyers were comfortable with the idea that we would be greening it. I needed it with LEED. We had more and more benchmarking policies that required it anyway.

And then the other thing that happened which was really fortuitous is that we were in the process of standardizing all of our leases so all of our leases would look the same. Kilroy, in the time that I've been here, has grown from sort of a smaller-size company to a mid-size company. And leasing used to be fairly regional and then became just ridiculous. And so now once we grew to a certain size, then we had to standardize it. Every lease, like these little duckies, had to look exactly the same.

And because of all these one-off requests and because people had heard about the benchmarking policies, I am happy to say that when the standardization process happened, our legal team reached out to me to say hey, you keep bothering us with all these strange sustainability requests; let's just standardize it. So give us your wish list. What's everything you've ever wanted in a lease? And it was like Hanukkah. Right? So I just got to write pages of like, make all the tenants recycle, make them put in Energy Star



equipment, give me the utilities data whenever I ask for it. And a bunch of other – they can't mess with the LEED certification if I'm doing it. They can't use a really energy-intensive TI that would jeopardize LEED for existing building certification, and on and on and on. And the feeling at Kilroy was like, great. If a broker really feels like pushing back on it, they can. But let's get that all in the standard lease. And that's what we did.

And so then our leases were green, those leases started getting executed. And I will just say that first thing I thought is the one darn thing that anybody has ever pushed back on is the utility disclosure language. And that's the one thing you need by law. It's the one thing that's totally not negotiable. If the tenant doesn't like the language around, well, I don't want to have to deal with landlord approval around LEED certification, you know, we can talk about that, whose job it is to improve what. But I cannot broker any change to the utility *[Break in audio]* to get everybody comfortable that that language couldn't change.

And *[Break in audio]* anybody cares, despite what our utilities might tell us. Nobody I think, unless you're a very high-profile tech company and you are worried that people are going to try to do some competitive analysis of what you're doing at whatever facility, it's not like our launch codes, right, your energy information. I think people are worried about the burden of having to deal with utility disclosure. And so there are ways to make that easier. And it's something that I think you just get comfort with. Hey, we'll just set up your Energy Star Portfolio Manager Account once, we'll get automated benchmarking going, and then it will be fine. And then people get more comfortable. So I find that with that clause it's very much more how much time are you going to take out of my life.

And so we did that and things were going smoothly. And then the next year the Green Lease Leaders Program was announced, and we were really excited about it. And IMT had reached out and said you should think about applying for Green Lease Leaders. And so we were part of the inaugural class back in 2014 of Green Lease Leaders.

And I have to say before we go on that it was crazy. I think now green leasing is a little more normal. But IMT did such a great job developing this program. Because I do sustainability work all the time. I'm never not sending out a press release about \_\_\_\_\_ or this thing. And I feel like it's radio silence for me for the most part. But man, when the Green Lease Leaders thing happened, the news

coverage was crazy. Because I don't think people really thought that green leasing existed or could exist, or how was it possible or how can you be competitive. But we were getting coverage at the Motely Fool and whatever else.

So anyway, it really I think shook up the industry and changed it a lot. And I think it normalized it. I remember somebody telling me that there was some conference I wasn't even at and somebody on a panel was saying, you know, green leasing, that isn't really a thing. And then somebody saying yes, it is; the Green Lease Leaders just got announced. And so it was sort of a major coup. And now I think has shown the industry that it's really not that hard.

I also got the question have I ever had a tenant refuse to share energy or water data. The answer is yes. I have one tenant, who I will not name, because I'm sure they are lovely people. This falls into the category of a big tech tenant who I think for completely justifiable reasons is really worried about somebody doing a competitive analysis. I did finally extract energy information. And I just want to say this; they didn't sign our lease. They skirted me by subleasing out from a larger tenant. And I didn't realize that the language wasn't in the agreements they signed. I did finally get the energy information out of them, but it involved senior management calls from us to them. And it was like months of begging and I'm so not looking forward to going through it next year. But yes, that's the only time it's happened. And I have never had another tenant refuse. You would be surprised who will give you their energy data. TSA, no problem. They're under general services. They have been trained on energy efficiency. They'll just hand you their data on the first ask. So yes, that's the only time I've ever really had a tenant refuse. And I did get it out of them, but I had to really work at it. And I'm probably going to have to work at it again the next time. So with that I'll take it to the next slide.

Just want to talk about the benefits of green leasing. And here are all the fun things I am able to do with my green leasing, and I'll tell you some stories from the field.

One is this is what allows me to do all my upgrades. So this is my lighting retrofit. We do millions of dollars of *[Break in audio]* the cost recovery language is in there. And that's true of energy, it's true of water. And the other thing the utility data does is allows us to celebrate our teams. So one of my favorite projects I ever did at Kilroy was I made a baseball card for all of our chief engineers. So this is one for a chief we have in San Diego. And with the data we

were able to tell everybody what the energy and water reductions were across the portfolio for our guys. And they absolutely loved this. They loved the recognition. I was getting emails from them saying you appreciate me more than my wife does, and it's wonderful to work for a company that actually shows that they care about their employees. And that was really great. And without utility data I really couldn't do it. I can use more sophisticated 15-minute \_\_\_\_\_ analytic data to do retrofits. And without monthly data you can still do a lighting retrofit, but it's much, much harder to communicate those benefits to anybody.

The other thing that green leasing does is it really sets the landlord-tenant relationship off on the right foot. So that's what the middle-bottom picture is. A tenant who signs one of our leases, they know going in that Kilroy really cares about green leasing. And it is sort of what sparks further conversations.

So my first little anecdote I have on that is we have a triple net tenant in San Diego who had signed our lease and so they were aware of our sustainability programs. And they approached us saying a lot of sustainability; will you install solar on our property? And they wouldn't have started that conversation with us without the lease. We actually did end up installing solar on their property as part of a larger portfolio down there. And so that's a time where we all knew what we were all talking about.

We have a GSA as our tenant in several buildings. When you sign a green lease, it also means that you are sort of signing up to deal with some pretty strict language from a tenant. So we had a California government tenant in San Diego where if I didn't manage to obtain a LEED certification on their \_\_\_\_\_ interior, they could just pay us ten percent less rent in perpetuity. And when we were doing those lease negotiations it was a little bit scary. But again, Kilroy, we were comfortable with our history. We felt like, boy, we can't attempt to wiggle out of this one and say we'll do it anyway but we don't want to promise. And so that is what enabled our – and I said yes, yes, I can get it done. And I did. But I think without a foundation in green leasing we wouldn't have been willing to step up and accept that kind of language.

And then we do these energy efficiency upgrades sort of all the time. We don't have to let a tenant know that we're going to do an upgrade, especially when it's on HVAC equipment on the roof.

So recently we had a tenant who had some questions about their common area maintenance charges. And through a lease audit they

had questions about some upgrades we had done to the mechanical equipment. And the lease audit showed that yes, we are totally allowed to do that upgrade and you were charged properly for it. And so that's really the importance of that capital recovery language. Because it allows you to do the upgrade and protects you from things like tenants wanting to do reconciliations and that kind of thing.

And then the last one I just want to tell is sort of my Marco Polo story. We had a tech tenant move in and they saw our lease and they immediately were like oh, this is so great, we love this so much. And they immediately had like 800 new ideas for things that they want to do to their building. They want this control upgrade and that water project, and this lighting thing, demand response, and can I get a battery, and let's do this other engagement program. And they do that with us because they know how committed we are.

And my sort of funny end to this story is their sustainability person was at Green Build, and she said, hey, I want to make my other leases greener. How do I make my other leases look like yours? And so I have a call with her next week to help on the new deals that they are signing, to make their leases look more like ours.

And the final thing is awards and recognition. We are totally thrilled to be part of the original Green Lease Leaders program. We are one of the team transaction winners where we got to involve our tenants and our brokers. And that was the first time that that happened and it was really delightful. The brokers were never really part of the conversation. As far as they were concerned they're like wait, we just win an award and I don't have to do anything except give you permission? And I was like, yes. So that was really exciting and we've had some good activity from there. That tenant was really excited too.

So it's been great. The program is not hard to apply for. I think the hardest thing about applying was just the amount of time it took our legal team to fun back to the executed leases we had to commit. And not it's only one lease so it's even easier. So it's really not a heavy lift from an application standpoint. And it's been just a complete win-win-win all around and we're happy to be part of it.

And with that I will turn it back.

*Holly Carr:*

Thank you so much, Sara. It's really great to hear from a practitioner about how this works in real life and what the benefits are. And thank you for bringing up the recognition piece and the surprise from the folks you were working with; I get recognition and I don't have to do anything?

I see that we have a number of consultants on the call today. And I really want to encourage folks to think about Green Lease Leaders as a value-add to services you may be providing clients as a consultant. So if you are working with tenants or you're working with landlords to help them locate space, develop sustainability plans, whatever it may be, consider Green Lease Leaders as a value-add to that client. Hey, I'm putting together these best practices, these policies and procedures. And you know what? Let's apply for recognition for you as well. So really encourage folks to consider that and to encourage your clients to participate in the program.

Additionally, if you are a landlord, consider tenants that you are leasing space to who might be good candidates for Green Lease Leaders and reach out to them and see if they would like to either participate with you on a team transaction or if you would like to connect them with us at Green Lease Leaders to help them apply for recognition. And vice versa for those of you on the line who are tenants, if you've got a great landlord like Kilroy and you think they should be earning recognition for Green Lease Leaders, encourage them to participate as well.

Let's move on to the next slide where we'll get into the nuts and bolts of how to apply for recognition. And with that I'm going to turn it over to Alexandra Harry at IMT to give us all the details. Alex?

*Alex Harry:*

Thanks, Holly. This is Alex Harry. I am with the institute for Market Transformation, IMT. And as has been referenced about the call, IMT and the Department of Energy have collaborated over the past couple of years in really moving Green Lease Leaders from an idea to a really robust program that recognizes tenants, landlords, brokers, and the teams in that transaction as leaders adding green energy-aligned language into their leases.

So I think at this stage we have kind of moved from Green Lease Leaders being this secret sauce and now it's how can all portfolios across the country, whether the companies, smaller companies, how can they take advantage of industry-best practices on green leasing. Next slide. Next slide.

And so my talk today is really going to focus on what are the mechanics of applying to become a Green Lease Leader and what is it that you really need to know. The first big thing with our new launch of Green Lease Leaders is that there is a new website. The website is really colorful. There are some hot buttons that you see on the right where you can assess your leasing practices, which will take you to a lease assessment tool. There is a technical resources portal where you can get more information on how to apply, case studies. And then there is also a new, streamlined application. Next slide.

So as I said before, there is a new lease audit tool. The audit tool is separated by landlord, tenant, and teams transaction. And the purpose of this tool is that you are able to fill out this short questionnaire and it kind of gives you a GAP analysis of where does your current lease stand against the Green Lease Leaders requirements. So you can really take a long stare at where is your lease and where could it be. And then it links you to resources on how to improve your lease from there. Next slide.

And as I mentioned, doing the lease assessment tool, it's meant to streamline you to getting technical support. So there is a new component of the website where you can join as a participant. Joining as a participant, the idea is that hopefully when you become a participant, eventually you'll become a leader.

So there's a few things that you pledge to do when you become a participant. You commit to doing that lease assessment, and t able to access receiving one-on-one technical assistance. So that would be myself or someone on the Green Lease Leaders team from DOE or JDM and others who can really help you go from this is where my lease is now, to I am now a Green Lease Leader.

And so there is this little short form. It asks you a few questions. What's your name, the organization, and then there's those pledge responsibilities. The other big thing that you receive when you become a participant is that you get that insider knowledge of how others in the market are using green lease language. And you also get access to additional webinars. So if you are looking for more information, I would encourage you all to at least start and join as a participant. Next slide.

And as I mentioned, the other big thing about the website is the streamlined application. The application, you can save and come back to it. It kind of goes through a cycle of basic information,

how do you document their credits. There is a free-form narration that you could upload. There is a tab for you to upload your actual lease, and then you move into certification and reviewing and submitting.

The big thing I want to highlight is that if you want to get a cheat sheet, you want to see the questions that are on the test before you actually take the test, I would encourage you to click on those links on the right-hand side where you can get a full readout of what is required, what are the questions asked as you fill out the Green Lease Leaders application. So it is divided by the categories landlord, tenant, and team transaction. And I believe this webinar will be posted somewhere. So if nothing else, if you want to take a look and prepare your lease, prepare your team for how to apply on this online portal, I would encourage you to click on those links. Next slide.

And so as I said before, the top line of the application just kind of walks you through basic information, credit documentation, certification, and reviewing and submitting. And so the next tab you can select out of the nine or so credits and prerequisites that are available for each of the categories. It goes over what is required to document the credit. And then you have this estimation tool where you are required to estimate how much of your portfolio is operating under this credit.

And so if we go to the next slide, you also have the option of providing a narrative. And the narrative is the opportunity if you want to talk more broadly about what your organization's idea and strategy, mission statement is around green leasing, you can feel free to add it there. It's great for our team when we're reviewing it to get an industry look at how folks are using green leasing. Next slide.

And then the last step is uploading documentation. So for silver level certification you are required to upload a form lease. And then if you are applying to different credits related to corporate policies or fit out standards, this is where you would upload those documents. And then for gold, the requirement is a little more advanced. You are required to upload an executed lease. So the idea is that you move from a form lease to an actual executed lease. It can be redacted. And then there's also those other tracking documents related to fit out standards or corporate policies. And then that other category that Holly mentioned that's required for gold applicants is that there is that case study component. Next slide.

And so the next thing you just have to do is check off a box that you've answered the questions to the best of your ability, and then you hit submit. There is one last opportunity for you to review and make sure everything is uploaded and referenced correctly. And then from there you will get an email confirming receipt of your application. And that email will also get a notification on our end that will let IMT and others on the Green Lease Leaders team know that it's time to review an application.

And so we'll do a preliminary review and there will be a feedback loop between us and the applicant. And we will contact you if we feel like anything needs to be revised or resubmitted. And then hopefully that back-and-forth won't last longer than a month.

And then from there you'll be notified that you are likely to become a Green Lease Leader. And then later in the timeline there will be a big celebration event to recognize all the Green Lease Leaders. Next slide.

And so just to get back more into the parameters of the timeline, Green Lease Leaders' application period was opened in mid-October. Applications are going to be accepted up until March 1, 2018. And then spring, early summer, all of the Green Lease Leaders will be recognized at an event. There might be one event that's more geared towards tenants and another event that's geared towards landlords. But that announcement of when the leaders will be announced – we are still in the process of identifying that event opportunity. Next slide.

And so the other big resources I just wanted to highlight quickly is Green Lease Library. This is a one-stop-shop for guidance on green leasing. There's additional webinar recordings, case studies. You can review sample lease language, and then there's also a more graphic representation of what's in a green lease. Next slide.

And also on the Green Lease Leaders website if you're looking for guidance, lease language, what does it take to be a Green Lease Leader if you're applying as a landlord or as a tenant. There are two reference guides that you can review prior to submitting your application to just make sure that your lease is in good shape to apply. And these are also on the Greenleaseleaders.com website. Next slide.

And then I just wanted to highlight these two case studies that are available on the Green Lease Library website. These are two case



studies highlighting two previous Green Lease Leaders. So back when Sara mentioned that Motley Fool was highlighting the Green Lease Leaders recognition. This was when these case studies were being developed. And if you all feel like you have something exciting to share with the market, IMT and the rest of the team would really love to hear from you and would really love to develop a case study to get your story out to the market. Next slide.

And that's all I have about the mechanics of becoming a Green Lease Leader. If you all have any questions or if you are looking to apply right now or sign up as a participant, I would love to hear from you.

*Holly Carr:*

Thanks very much, Alex. We have been responding to questions as they were coming out. One important question that someone asked was, what is the website? And the website for Green Lease Leaders is, conveniently, [Greenleaseleaders.com](http://Greenleaseleaders.com). So please head over there and check out the resources.

I did also want to mention I see that we have some state and local governments on the call today. And we would really love to work with state and local governments to get them involved in Green Lease Leaders either as tenants and/or landlords. In many cases our state and local partners are both. So I really encourage folks to reach out to us if you would like more detail on the program or help putting together an application.

So on that note, a couple of ways listed here to get started. We are happy to do what we call a Green Lease Checkup with folks. We have a worksheet that you can look at in advance of a 30-to-45-minute phone call with one of the folks on our Green Lease Leaders team. The worksheet goes through similar process to the online assessment, but a little bit more detail and facilitates a phone discussion with you about where your organization is with green leasing and what some of the most likely opportunities for improvements and best practices are for your organization. So kind of filling out a scorecard.

And this typically requires meeting up with some folks that you may not have met before in your organization. So if you are an energy manager or a sustainability person in your organization, you may want to take your real estate team or your legal team or both out to lunch or for coffee and have some conversations with those folks, get to know them and find out if and how you might be able to work together to make some changes to your programs.

Then come back to us and we can work through this Green Lease Checkup on the phone with you.

Secondly, if you have questions about your existing policies or procedures, don't hesitate to reach out by email to Alex or to myself. We are happy to look through documents that you have, existing policies or drafts of new policies, and provide you some feedback. We are really here to make this work for our market partners. And so we want to provide the assistance that is needed to help you be successful.

When it comes to the application, Alex mentioned that folks submit the online application and then we come back to you with a review. In some cases it may be perfect and ready for recognition right then. If not, we'll come back with some recommendations or some questions and can provide additional assistance to get that application where it needs to be for recognition.

And finally, Alex also mentioned the case study, which is a part of the gold level recognition. We really want to do a lot of legwork on that case study. So once we have your application and we have a good sense of what some of the storylines are in your work with green leasing, that will help us work with you to put that case study together. We can do much of the drafting for you and provide you with something that you can show to your leadership and your communications department and make sure that it's accurately representing your work.

Let me just look here and see if we have a few questions. One person is just asking if the slides for this program will be available. And yes, they absolutely will be. They will be posted in the next couple of days on the Green Lease Leaders website and also available through the Better Buildings Solution Center.

*Sara Neff:*

I see a question directed [Break in audio] Sara on [Break in audio] green lease policies \_\_\_\_\_ significantly reduced GHG emissions at \_\_\_\_\_ properties. The answer is yes. It is very hard, and I don't think a great use of \_\_\_\_\_ to tease out. Where it's like my engineer is doing a great job that year versus, you know, some tenant behavior stuff versus \_\_\_\_\_ we've reduced our energy use and our assets by about 13 percent. And I know how much my budget is versus how much overall energy we reduce. And so I would probably peg a third of those reductions to direct upgrades that I am allowed to do as a result of our capital recovery language. But that's as good as I can get to quantifying it.

And the other question is how do you get started when you don't have the kind of friendly legal people that I'm lucky enough to have at Kilroy. And where I would start with that is first of all look to see about benchmarking laws. So if you have a benchmarking law that you get to point to and say hey, hey, we need this because otherwise we are at risk of fines or ending up on some kind of scary list or something. That is a great place to start. Compliance is a really good place to start. And then talk about reporting, investors. Talk about sort of the things that seem to be \_\_\_\_\_. I find for the most part that these just weren't heavy lists. I mean, all you're asking is that these go into the standard lease form. And if a tenant broker doesn't like it, then you can have that discussion then. These aren't ridiculous lists. And so I think the argument is always you're not going to scare away a tenant by asking them to put in Energy Star equipment. Nobody's going to be like, I'm not going to lease space in this building – if they want to fight you on that, then you can take it out or renegotiate, whatever, tenant will do their best. You can take out must to will \_\_\_\_\_ to comply. You can soften the language somewhat in the negotiation. But it really doesn't hurt anything to have it in there. So that's sort of how I would recommend starting. First point the benchmarking, and then not your fault, and then make it into the standard lease and say it can get taken out later.

*Holly Carr:*

Great. Thank you very much, Sara. All right, and another question about the slides being posed. And yes, they will be posted both to the Green Lease Leaders website under resources, and they will also be posted to the Better Buildings Solutions Center. So you can just go into the Solutions Center and type Green Lease Leaders and it will come up as a search result.

All of the folks who are registered for today's webinar will receive an email when the archived version is available. Don't let the conversation stop here just because it's 3:00. Please feel free to reach out to Alexandra, to myself, and to Sara with additional questions. And I'll just leave by reiterating that we really are here to help you be successful in the Green Lease Leader program. So we hope to work with you in the future. Thanks for being here.

*[End of Audio]*