

Recording: The broadcast is now starting. All attendees are in listen-only mode.

Holly Carr: Hi there. I'm Holly Carr with US Department of Energy's Better Buildings Initiative. I'd like to welcome you to the October edition of the Better Buildings Webinar Series. In this series we profile the best practices of Better Buildings Challenge and Alliance Partners and other organizations working to improve energy efficiency in leased spaces – in buildings. *[Laughs]* Today lease spaces. Today's webinar is title "The Year of the Lease: New Tools for Leased Space Energy Efficiency." And there's been a lot of action this year at both EPA and DOE to support tenants and landlords in achieving greater water and energy efficiency in leased spaces.

The beauty, of course, is that every year is the year of the lease. Every new lease is an opportunity to make improvements and incorporate lease clauses that can have the effect of automating energy efficiency throughout the life of your lease. Every lease negotiation is a chance for landlords and tenants to agree on terms that are mutually beneficial and save energy, water and money.

Before I introduce our presenters, I want to remind our audience that we will hold questions until near the end of the hour. Please send in any questions you have through the chat box on your webinar screen. Throughout the session today we'll be collecting those and we'll get to as many of them as we possibly can. This session will be archived and posted to the Web for your reference. Next slide, please.

So we've got an incredible lineup for you today. We'll be starting out with Craig Haglund from EPA, who will describe EPA's new Energy Star Tenant Space Recognition Program, which is now in pilot. Craig is a program manager with the EPA's Energy Star Commercial Buildings Program, and in this role he oversees outreach to commercial real estate and multifamily sectors and works with partners to help them improve energy management practices and reduce energy consumption in commercial and multifamily buildings.

Next up will be Alex Harry from the Institute for Market Transformation who will describe enhancements to the Green Lease Leaders Program, which offers technical assistance and recognition to organizations committing to green leasing best practices at the portfolio level. Alex is a program manager on the market engagement team at IMT.

Finally we will hear from a landlord-tenant team that is working together and living the dream of green leasing right here in our nation's capital. We'll hear from Jon Bauer. Jon is a sustainability analyst at the Tower Companies where he's responsible for furthering sustainability and energy efficiency across Tower's own building portfolio. And we'll also hear from Kabir Chaudhary, our CEO and president of NIKA, which is a full-service architecture, engineering and facilities firm with offices in the Tower Companies' building portfolio.

So thanks very much to all of you for being with us today. Much appreciated. Next slide, please.

So let's start off with just a little bit of context and talk about what this is. What is an energy-aligned lease? An energy-aligned or green lease equitably aligns the costs and benefits of energy and water efficiency investments between building owners and landlords. So this image gives us a couple of concrete examples here. You see RTU units all over the rooftop of this shopping center. And typically or often when a tenant moves into a space, the landlord may replace the RTU as a part of that lease agreement.

So an example of an energy-aligned lease clause would be a tenant specifying in the lease that a high-efficiency RTU should be installed, perhaps one say meeting the high-efficiency RTU specification document set out by the Better Buildings Alliance space conditioning team, for example. And going further with this type of clause, the tenant might also agree to pay the incremental cost difference between the standard lower-efficiency RTU and that high-efficiency RTU understanding that they, the tenant, will be reaping the benefits of those energy savings over the life of their lease.

Another example, you can see those solar panels on the rooftop here, so a landlord may specify in the lease that tenants are required to purchase onsite renewable energy from the landlord as long as the cost of that power is equal to or less than the power they could be purchasing from the local utility. So both of these are examples of energy-aligned leases and both of them are examples of our guiding principles, which we have to find on the next slide, please.

Generally, these guiding principles are generally green leasing functions on these guiding principles that both tenants and landlords should know how much energy and water their buildings use. They should pay for water and energy upgrades commensurate

to the financial benefits they receive from those upgrades and that both tenants and landlords should realize savings from cost-effective maintenance and behavioral water and energy best practices that they undertake. Next slide, please.

The benefits of green leasing are many. Incorporating the right clauses into your leases can serve to essentially automate energy and cost savings over the life of your lease. A 2015 study by the Institute for Market Transformation suggests that green leasing best practices including efficient spit out can reduce utility bills by up to 51 cents per square foot not to mention increase NOI, increase occupant satisfaction and improvements in communication between landlords and tenants simply from having these conversations.

I hope you are intrigued with the opportunities here for green leasing and energy-aligned leasing. And with that, I'm going to turn it over to my colleague Craig at EPA for an update on how tenants can take action in leased spaces by participating in EPA's Energy Star Tenants Space Recognition Program. Craig?

Craig Haglund:

All right. Thanks, Holly. You can go to the next slide. Thank you for having me. It's a great opportunity to be here to present on the Energy Star Tenant Space Program. Before I go on, I do want to give a special thanks to DOE not only for having us here to talk about our initiative, but DOE is also involved in the development of some of the tools that we're using in our program that we're very excited about, so we very much appreciate all the support. Next slide, please.

So why Energy Star Tenant Recognition? I think everyone probably on this webinar is interested in efficiency in tenant spaces and see that there's some opportunity there. But for Energy Star, really we've been focused on whole building in our commercial building program. And this is really a way to provide some sort of direct outreach and recognition for tenant spaces. As we all know, the people in a building account for a lot of the energy use, especially in multitenant buildings to reach everyone. There's an opportunity there to have a recognition to address the individual tenants there. Of course, saves money directly and indirectly.

And for us in our experience with recognition, the strategy we've had is to recognize and highlight leaders in the field. And they really pave the path for everyone else and develop some best practices. So we anticipate that a recognition program for tenants

will kind of lead in the same way as our other recognitions, and we're excited about that. Next slide, please.

So, wow, everything I just said is true. The reality of it is that there's actually a piece of legislation in the Energy Efficiency Improvement Act of 2015 that directs EPA to look into tenant efficiency. So a lot of our actual approach has been guided by that legislation, so I wanted to spend a couple of minutes providing that background.

In that there were two components that address energy efficiency and tenant spaces. The first is a design-and-construction piece, which looks at how a tenant space could be recognized for efficient design. And the second approach is occupancy-based, which would look at existing spaces with the idea that it could be modeled after the 1 to 100 Energy Star score that we have for existing buildings. So while that is the initial thought process, there are some changes to our approach here given some constraints that we have and some of the feedback we've received over the last year or so.

For the occupancy-based approach, one of the fundamental aspects of developing a score for a building or space is that it is based off of a large dataset that is efficient enough to be able to show how the given performance level of a single space would compare to similar buildings across the country, thus giving you a score on where you stand. In our commercial buildings program we use a survey conducted by the Energy Information Administration to analyze the data and develop a comparative metric, which turns into the score – excuse me.

The problem with replicating that approach for tenants is that the dataset really doesn't exist. The EIA is looking into collecting it. However, it's a pretty long process to get data. And then you still have to analyze it and then integrate it into a score in a program. So at this point, we're really looking at around 2021 at the earliest for that piece to be available. So in other words, I will not be talking about this part today nor in the near future.

What we will be talking about is the design and construction piece, which has its own unique approach as well. This started a couple of years ago with DOE conducting a study on the feasibility of developing a recognition based on best practices in tenant spaces. And out of that, EPA started working with stakeholders to put together kind of the criteria that a recognition would be based on.

So after a couple rounds of feedback and some stakeholder meetings – we had a couple of meetings last fall – we further kind of refined the idea of the criteria. In one specific area, which was adjusted actually, is we asked some folks, some tenants and landlords, last fall whether the recognition should be just for spaces in the design phase or if it should be available for existing buildings as well – spaces as well. And there was a resounding "Yes, it should be available for existing spaces."

So while we don't see the 1 to 100 score or certification available for tenant spaces, we do have in the works a piece that would address the design and construction of a space both in that timeframe when it's being built out but after it's built. Currently, Holly mentioned we're in our pilot for this program, and we're working with a number of tenants, which we call "charter tenants" which I'll get into a little later. Next slide, please.

So we have some basic guideposts we had going into this where we thought that the recognition really needs to be fairly simple but also be sufficient enough to indicated expected performance. That's ultimately where we want to base programs on. We want to encourage things like good, cost-effective design as well as provide opportunities for tenants to engage with landlords. Also fairly important, we needed to develop something that's easy to administer. While Congress kind of directed us to pursue this, we didn't actually get any more money to do so. So I think the idea is really to create something as robust as possible while still being simple and easy for both sides to participate in. And finally we won't want to, as we go along, align as much as possible with our whole buildings program. Next slide?

So this is what we envision the recognition looking like. The idea here is that tenants would apply for recognition used in the criteria I'll talk about. Once they receive it, they would get this label here for Energy Star Tenant Space. They could affix it to the door of a suite or a main office. Me, personally, I see the certification kind of being used in a couple different ways: either recognizing a physical space, you know, how it's designed just to let occupants know the area has been verified by the EPA.

But I also think that it presents organizations as a whole another way to kind of speak to employees and use this as a symbol that they're doing their part to be efficient. So I think what we'll see is a lot of tenants will apply for all their spaces in a building. In some cases they'll want to do it for all the buildings that they're in really to show that they're committed to energy efficiency and

sustainability and they're building out their workspace essentially for employees with that in mind. So time will tell how people use it, but I think that may be what we see. Next slide, please.

So how would a tenant go about earning recognition? We have a process that has some similarities to our whole buildings program, but there's a lot differences here. So the recognition will be based off of five criteria items, which I'll get into a few more details in a minute. The tenant would provide an estimate of energy use. They would meter the energy in their space, have efficient lighting, efficient equipment. And then they would agree to share energy data with the landlord at the landlord's request.

If they accounted for these items and implemented any changes that were necessary to meet the criteria, they would complete an application, which is then verified by a professional engineer or a registered architect and they stamp it and submit it for approval where EPA would then review and award the recognition. While the verification aspect is similar to what we've done in the past in terms of having kind of a third party come in with the PERA, the design criteria is pretty new so we're looking forward to this pilot to really learn a lot more about that. Next slide, please.

So I wanted to get into some of the details about the criteria not only to show kind of specifically what I'm talking about but also with this pilot, as we go through this initial phase of rolling out the program, we certainly are aware that this is new to everyone. It'll be a learning process for both sides, and there will potentially be some refinements to some of these items. So I wanted to let you know kind of where we are, what we're looking to learn with these things.

So the first item, estimating energy use, this is something that DOE is assisting with through the National Renewable Energy Laboratory. They're working to develop an online tool kind of calculator that takes a few inputs about a tenant space – position of the building, size, occupancy – and then some equipment and lighting information and spits out an estimate of what energy consumption should be. This is not a level that someone needs to meet. They're really just estimating their energy use. I think the level of energy will address in that second occupancy-based program later on. This is really just so that tenants understand how much energy they're using and kind of build up towards a greater understanding.

For the meter section, which is the second one, we're requiring tenants to meter the energy use that they're in control of in their space, so at the minimum this is typically plug, load and lighting. For meter requirements we put a plus or minus two percent accuracy there. We felt this was kind of a good balance based on feedback of something that's not utility grade and is relatively affordable as far as meters go but still ensure a high degree of accuracy.

The third item is to light efficiently. For this one this is one of the few items here that does have a target requirement and a target lighting level, what we call "lighting energy use intensity" or on the lighting per square foot in a space. DOE is also assisting here through the Pacific Northwest National Lab to develop a calculator where you'd basically go and you input all the lighting fixtures and the wattages and some information about a control system if you have that in your space. And it will spit out a target lighting use intensity, and then that would have to be below a specified level, which is a predetermined amount that PNNL now came up with for different spaces.

The fourth is to purchase efficient equipment. Originally this was put out as use 100 percent Energy Star equipment. I think this is a big area where we're looking to learn. In the pilot we're actually asking for an inventory of all equipment and whether equipment is Energy Star certified. I'm sure you're aware but Energy Star has a lot of product categories that we cover. Some are applicable to spaces, some aren't, and then some may be on the fence. So we're trying to learn more about that there. What's in a space? What's Energy Star? What makes sense? And then we'll probably make some changes based on that whether it's a percentage of equipment or if it's certain categories. So we'll be looking at that to get some answers to that through the pilot.

And finally share data is pretty straightforward. We have an online free software tool called Energy Star Portfolio Manager. And we're just requiring that the tenant create an account there, and then they would be able to share data through there with their landlord if they ask. Next slide, please.

So right now we're conducting a pilot with charter tenants. This recognition at this point is only for office tenants. We do have a pretty great group that we're working with right now, about 70 organizations that indicated they wanted to participate. We allowed for submission of multiple spaces, so we have around 140 separate spaces and pretty good distribution across the country, around 25

states. We have some in DC and Puerto Rico. We have a good mix of occupied tenant spaces as well as a few that are in the design and build fit out stage. There's really a process to work very closely with a number of these tenants and landlords who are involved to test a concept, hear how some of these things are going, see how everything's being implemented and so we're really excited to get going. Right now tenants are kind of working to gather information and we've had a number of discussions and already have made kind of a few tweaks and have some good ideas about what we want to do going forward, so we're excited about this pilot. Next slide?

In terms of timeline if anyone's interested in where we are right now, again, we're in this pilot phase really from now until early '18 where we're working with tenants to check how this recognition kind of plays out. We'll be refining the criteria and all the materials. NRL and PNNL are building the calculators as we speak, incorporating them into this online kind of easy-to-use tool so that should be ready in a month or two. And then 2018 we'll actually get these applications in from the charter tenants and we'll award recognition based on what we get.

We'll then kind of take a look and assess any changes we need to make to the criteria and really to bring this to the larger market and work to make it work for all offices spaces. Going beyond that, we're considering making the recognition available to retail and warehouse tenant spaces. So we would like to expand it going on, but right now it's such kind of a new concept in what we're doing. We're really focused on the pilot and how we'll go about kind of recognition and then we'll see from there. But stay tuned. We're looking forward to keeping tabs on this and letting everyone know how the pilot's going and then rolling it out in 2018. Next slide?

And I just have a link to our website if you're interested in learning more about the Tenant Recognition. Again, it's kind of really close to the pilot right now, but we're hoping that in early 2018 we'll make it available to everybody. And that does it for me so thanks.

Holly Carr:

Thank you, Craig. Thanks so much. It's really exciting to have a new way for individual tenant spaces to earn that Energy Star recognition that is so coveted. And, as you heard, the Energy Star Tenant Space Recognition is a single-space recognition. In order to scale adoption, DOE has been working with the Institute for Market Transformation this year to align our existing Green Lease Leaders Program with Energy Star tenant space and promote

portfolio adoption of the best practices outlined in Energy Star Tenant Space Recognition.

So with that, I'd like to turn it over to Alex at IMT to provide us with some details on the Green Lease Leader Enhancement. Alex?

Alex Harry:

Thanks, Holly. Hi, everyone. Good afternoon. I'm Alex Harry. I'm with the Institute for Market Transformation, IMT, and today I'm going to talk about the Green Lease Leaders Recognition Program and what's new for 2018 so next slide.

So Green Lease Leaders is a program that IMT and the US Department of Energy Better Buildings have been running since 2018. It's a program that recognizes those in the commercial and real estate industry that have adopted and currently use in their everyday operations green leasing or energy aligned leasing practices. The program also provides green leasing resources and technical support, so it's kind of a feedback loop where we're able to talk to commercial real estate industry leaders and adopt their best practices and push those out to the market so that that way the ideas are able to trickle down and folks are able to adopt green leasing language into their operations. And so the program recognizes primarily tenants, property owners and brokers. And the end result, the end outcome is that it's able to drive higher building energy performance in all sectors of the real estate field: commercial, retail and industrial buildings. Next slide.

So, as I mentioned before, the program's been in existence since 2013. And in that time we've recognized 29 landlords, 6 tenants, 7 brokers and there have been 5 team transactions. Team transactions are folks that apply to Green Lease Leaders as a team. So typically that's a tenant, a landlord and a broker applying as one unit to achieve Green Lease Leaders designation. And of all those numbers that I've just mentioned, square footage-wise that represents 1.3 billion square feet of commercial space represented. And if we were to estimate based on that example Holly gave earlier of green leasing principles are able to save roughly about 50 cents per square foot, that would – if we're able to expand that based on those who have achieved Green Lease Leaders, we would have about \$24 million annual in energy cost savings.

And, as you see here, there's a lot of businesses, publically traded companies, real estate companies, non-profits. It's a pretty diverse mix of those who have seen the value of adopting Green Leasing Best Practices into their portfolios. Next slide.

And so, as I said, this year Green Lease Leaders is getting a bit of a refresh. A lot of folks in the market have already adopted Green Leasing principles and we're looking for a new way to kind of raise the bar and also incorporate new trends going on and also apply new initiatives like Energy Star for tenant space into that mix. And so one of the bigger changes for 2018 is that Green Lease Leaders will now have a two-level recognition. There's a silver award and then there's a gold recognition. So for silver we're asking applicants that they submit a standard lease template showing that they've incorporated prerequisites and credits. I'll get into that in a little bit. And then also they've incorporated into their corporate policies some of the requirements of Green Lease Leaders.

For gold we're asking applicants to go a step further. And instead of just submitting a lease template, we're asking to see executed leases so going from a potential lease to an executed one showing that all of the lease clauses have been, in fact, have become a legal document now. And then the second part of that is a case study and the case study with the intent to show that because you operated – because you executed a green lease, you were able to track savings from that. And then, as I mentioned before, especially for the tenant requirements as I'll get into in a little bit. There's an alignment with Energy Star for Tenant Space.

And, lastly, there's a lot more resources that are available to the commercial real estate market that are standardized for both tenants and landlords. We have a reference guide that includes sample lease language that applies to the prerequisites and credits. And then we also have a new shiny website. Next slide.

And so, as I mentioned before, from Green Lease Leaders 1.0 to Green Lease Leaders 2.0 there's a lot more standardization of how you apply to become a Green Lease Leader. So for tenants, the requirement is that you meet two prerequisites and then there are a possible ten credits. And we're asking that folks that are applying either for silver or for gold that meet at least five out of the ten credits that are available. So the prerequisites that are there, the first one is needing to provide a sustainability or energy contact the landlord. So if a landlord wants information on who to reach out to about sustainability or energy issues, they would know who on the tenant's team to reach out to.

And then that second prerequisite is related and the intent of it is to capture the high level ideas of what goes into Energy Star for Tenant Space. So Craig gave a really great overview of what goes into that, but the idea is that we're able to scale the principles from

Energy Star for Tenant Space and apply that to a portfolio level. And what you'll see for the credits is that it's a mix of old and new ideas. You'll see credits in there that relate to utility data access so getting – landlords having full access to tenants' energy data and vice-versa. And then there's also the capital improvement clause, the cost, the pass-through clause that you see that's so common of say you're a landlord and you want to update your roof. Is there a way to pass through some of that cost to the tenant through amortization or some kind of cost-sharing arrangements that lasts for a few years?

But there are also some new ideas in there and some that kind of go beyond the general confines of the lease. Some of those include best management practices on energy. It's a list of ideas that we hope not only tenants but landlords are also able to implement. They include references to plug load management best practices. There's also a training credit. We've required that folks in the lease transaction process are trained on energy management best practices. And then there's also a new one related to solar panels asking that if a landlord is providing a solar panel installation, that a tenant can purchase the onsite renewable if offered by a landlord and competitively priced. Next slide.

And so the requirements for landlords are pretty similar to the tenant requirements. You still have to meet two prerequisites and you have to meet 5 out of 10 credits. The prerequisites are a little bit different. Instead of having one of the prerequisites establish Energy Star for Tenant Space on a portfolio level, you see that cost pass-through clause that I spoke about again. And then a lot of the credits, instead of being written from a tenant perspective, are now written from a landlord perspective. Next slide.

And, as I said before, the other big announcement that we have is that we have a new website. It's still at GreenLeaseLeaders.com. You can actually access it right now. We'll have a big announcing on – we're aiming for October 16th to do a big public announcement about Green Lease Leaders and the new website. But the website will feature a way for you to get status – an immediate status update on where you stand in terms of green leasing, Green Lease Leaders 2.0, and you can also apply for recognition right there on the website. It's a little bit of a streamlined process of uploading documents and it's a much easier way of applying and we're excited about that for 2018. Next slide.

And so what does the timeline look like? As I said, we're going to do a big public announcement on the 16th, hopefully, and the

online application will open during that timeframe. And so you'll be able to visit the GreenLeaseLeaders.com website and immediately start applying or first take a step back and assess where you currently stand. And then by March 2018 the online application will close, and in the Spring of 2018 that's when there's typically a large public announcement of who the winners for 2018 are. In previous years that has been at the Better Buildings Summit. One year it was at the BOMA annual event.

And so if you have more questions or you need technical support, you can definitely reach out to myself or Holly. And also not on the call but also a great resource if you're looking for technical expertise, Paul Matthew with LBNL or Deb Cloutier with JDM, and that's all I have for right now.

Holly Carr:

All right. Thanks so much, Alex. And, folks, I really just second Alex's last comment about reaching out for help. That's a big part of the Green Lease Leaders Program is to provide that technical assistance and to really spend some time with individual portfolio owners and portfolio tenants so that we can help you get those clauses into your leases, your policies, your standard operating procedures that can help you automate energy and water savings moving forward. So please do take advantage of the availability of technical assistance for you.

With that, I would also like to give folks a quick reminder to send questions in through the webinar chat box. We're receiving those right now and we're racking them and stacking them here to respond to at the end of the session. And I'd like to now head to, I believe, Rockville, Maryland, where we have Jonathan Bauer with the Tower Companies and Kabir Chaudhary and apologies if I'm not quite getting the last name right. *[Laughs]* But Kabir and Jonathan are working together to implement green leasing practices in their buildings and offices and they're going to give us a little sense of what it's like to actually get this done in tenant spaces and office buildings. Gentlemen?

Jonathan Bauer:

First and foremost, thanks so much, Holly. Really appreciate you having us on today and for the DOE team putting this together. Appreciate your efforts there. I'm really excited to be here today to share the landlord perspective on green leasing and specifically talk a little bit about what Towers' green lease looks like, how we implement that, but even more so, to have a chance to hear from one of our newer clients NIKA in a little bit. That'll be a really great opportunity for you all to hear about the tenant perspective, which is really, really critical. But before we jump into the green

leasing conversation, I want to give a brief into to the Tower Companies overall, so you can go to the next slide, please.

So for those of you who – sorry, I guess the next one. One more. There you go, good. For those of you who aren't familiar with Tower, we are a family-owned privately-held local real estate company here in the Washington, DC, Metro area. Our headquarters, as Holly said, are up here in Rockville, that building on the bottom left. And we are a developer, owner and manager of over 5,000,000 square feet of buildings, primarily office buildings and apartment buildings but some retail as well.

And Tower is pretty unique in that sense because compared to other real estate companies we hold our buildings long term, and so we are caring for these assets over a long period of time. And that makes green leasing even more important to us because it's an opportunity for us to create value in our buildings for us and for our tenants. But also we can use it as a tool to operate our buildings as efficiently as possible. And we really view ourselves as a green building leader, and we definitely strive to do everything we can to promote sustainability and improve sustainability at our properties. And so with that, it's a good segue to my next slide.

So Towers is committed to sustainability and this really starts up with leadership of the company with the owners. And it's really because of that commitment that we're able to use so many different tools to achieve our sustainability goals and you see some of those here. So for Tower we are – 90 percent of our portfolio is LEED and Energy Star certified and 20 percent of our employees or more than 20 percent of our employees have a LEED Green Associate or AP designation. So internally that's how we educate employees and make sure they're involved in sustainability as well.

And then we also report our greenhouse gas emissions annually through the Climate Registry, and then we use that data to offset 100 percent of our Scope 1, 2 and 3 emissions through purchasing rural energy credits and carbinol stats and then, lastly, the icon you see there. We've heard a lot about already our Green Lease Leaders and Tower has been involved since the inception of that program, and we definitely recommend that to other companies interested in green leasing. It's a great way to measure your green lease against a standard, especially if you're just starting green leasing and you want somewhere to begin. You can really look at those pre-reqs and credits and try to use that in your leases. It's a great place to start, so stay tuned for that when the program launches this month.

So Tower and green leasing, we've been doing this for about ten years now and amounts to about over 1,000,000 square feet of our leased office space using green leasing, which is about 95 percent of our tenant spaces. And then the new thing we're doing, too, here is we want to start bringing this to our residential properties, which isn't as common, but we're working through that right now and we'll be excited to talk about that down the road.

All right, now that I've given an intro to Tower and sustainability, if you move to the next slide, we can start talking about green leasing. So like I said before, we've been doing this for about ten years and you kind of see the categories. Those are the ones you would think of in terms of green leasing: water efficiency, energy efficiency and so on and different types of requirements as well. We want to make sure that leasing is part of the lifecycle of a lease. So it starts with design, continues through construction and then long-term with operations. And back in 2008 we really used this as a guide for our tenants to operate and build out their spaces efficiently.

And one of the main drivers for us behind that was it helps improve our operations. We reduce operating costs through green leasing, which we found increases our Energy Star scores, and it sets us up to achieve credits through LEED certification and things like that. And those are the exact things we use to kind of create our green lease or that we used back in the day to create the green lease looking through LEED credits and Energy Star programs and ratings. We were able to use that to create language for our green lease and then in addition just over the years picking up sustainability best practices we were able to weave those into the lease as well.

So it's really important to look at the types of requirements, like I said before, because again it's about the lifecycle of the lease and including sustainability in that. But I'll just point to operations and that's really critical because it gives us a chance to engage with tenants, which is really, really important. We can be involved with them from the day we move in. We typically work with our property management team at our properties to schedule a sit-down with tenants, talk about sustainability, talk about the lease and make sure that those things are being implemented at the onset. So if we just move to the next slide quick, thank you.

So I'm not going to go through each of these examples here, but I wanted to at least put these up for you for reference. I pulled some language from our lease directly, and it covers every single area of

the lease and so definitely take a look at that. It includes things that cover design, construction, operations and also covers some examples of our requirements for tenants. And then we also include in our updated lease that we're working on now some strong guidance or encouraging statements for tenants to go for something. Even if it's not required, we're trying to encourage them to do sustainability things so look for that.

But speaking of green lease implementation ... [audio gap]

Holly Carr: I think we might've lost Jonathan perhaps? Do we have Kabir on the line as well that you could jump in?

[0:44:00] Hello, can folks hear me?

Craig Haglund: Yes.

Holly Carr: [Laughs] Okay. Sorry about that, folks. I'm glad that most of our audience has stayed on the line. Do we have Kabir available to talk a little bit about his side of the tenant work?

Sounds like we don't have Kabir. Jonathan, do we have you? Okay with that and assuming folks can actually hear me, if you can't hear us, let us know through the chat box. But I'm going to go ahead and jump to some of the questions that we've gotten from folks. Craig Haglund, are you online and able to hear me?

Craig Haglund: I am both of those things.

Holly Carr: All right so we have a couple questions for you regarding Energy Star Tenant Space. One of the questions is regarding the verification of the tenant space by a professional engineer or architect. And the question is can a certified energy manager serve as an acceptable verification person for the program?

Craig Haglund: Sure, yeah, so it's a good question and one that we've gotten before for all of our programs for our standard Whole Building Program as well and who can go out and who can certify or review an application and I'm going to get into all the details. The answer is no and we actually posed this question a couple of years ago and got a lot of feedback on the advantages and disadvantages of expanding the reviewer specification so there's lots that went into it. I think one of the main things is the difference in certification, which can be done by kind of any organization who develops a certification versus a license. And that's what the PE and RA are, are licensed professionals which is run by a local government

typically. So that's kind of the main reason there and there's a few things that go into it. Every few years we'll look again at who can verify something. But for this verification really was just kind of copying what's worked for the Whole Buildings Program over to the Tenant Space, so it's not something unique to the Tenant Space at all. It's our kind of standard verification process.

Holly Carr: Okay, thanks for that.

Jonathan Bauer: Hey, this is Jonathan. Can you hear me?

Holly Carr: Hello? Yes?

Jonathan Bauer: This is Jonathan? Can you hear us? Okay, great. Sorry about that.

Holly Carr: Yes, you're back in action, okay. *[Laughs]* I'm going to head back to Kabir so we for sure have enough time for him to tell us a little bit about the tenant perspective on green leasing, assuming that he is with you, Jonathan? Is he on?

Jonathan Bauer: Yup, we're all set. We'll have him start from the beginning.

Kabir Chaudhary: Hey, I'm right here. Sorry about that, guys.

Holly Carr: Okay, no problem. Let's advance one slide, I believe, to Kabir's visuals there. There we go.

Kabir Chaudhary: Yeah so just I was just quickly giving an overview of NIKA. We are a full-service utility firm and we design, build and operate large complex facilities for the federal government, typically hospitals, labs, embassies and other military facilities so really large energy hogs. So we're sort of in a prudent force to implement energy policies throughout our government spaces. And when it came to building our own new space, it was very important for us to also create a space that really showcased our values, especially goes to energy. Next slide, please.

So our sustainability goals are really rooted in social responsibility. We have an excellent staff her of folks that are all very much in tuned to doing the right thing for the environment. And we've created this sort of Destination Workplace here for our headquarters. And that is sort of this whole Live, Play, Work concept. And energy and how we are sort of stewards of the environment really played a large role into that. Specifically when it came to the green lease there were certain things that we needed to do from the landlord's perspective of creating the space that had

certain LEED requirements in there, had certain daylighting requirements, all things that we truly believe in. But that sort of gave us the catalyst to really implement and go far beyond.

Our space here is going to be a LEED platinum space, and that was predicated based on the language in the lease that really was pushing us to get there. And because of that, we were able to work with contractors and other designers to really find ways to use local materials, to reduce ways to really use daylighting from this building, which we're in Towers headquarters, which has this sort of perfect light throughout the space, and we want to incorporate that. So there was lots of different things that we did to really keep a healthier building and a healthier workforce, and the green lease really helped us to kind of take it to the next level. Next slide.

So these are just a couple images of our place. And the reason we put those in there as well is to show that when a lot of people think sustainability, they aren't able really able to see sort of this high-end space, right. We were able to still create this environment for us that truly works while using and pertaining to all LEED requirements, to energy requirements and also knowing that our building and the owners were going to continue to steward the environment throughout our ten-year lease. So all those things combined really helped us make the decision to go with this building and go with this lease because of the parameters set out in our lease.

Jonathan Bauer:

Next slide then. I won't really touch on this because we lost a lot of time when we cut out. But basically the big picture is you have to work with a team to make this happen both internally and externally so, you know, legal teams, construction teams, engineering team. You have to really work with all those people to implement a successful green lease. But when you work together, put everything on the table, it's easy to see the benefits of a green lease, and everyone can agree and work together towards that. So that's kind of like the big tip and lesson we've learned over the years. And so for that, I guess we'll just go back to questions.

Holly Carr:

All right. Thank you both very much and we do, indeed, have a number of questions here for you. First off, Jonathan, a question about incentivizing brokers to sell energy efficiency opportunities. Can you speak to the ways that you interact with the brokers that serve your properties and how you let them know what your expectations and your desires are regarding energy efficiency?

Jonathan Bauer: So the brokers are key because they need to understand the green lease and the requirements and the way the space operates to be able to market that kind of efficiently to a tenant. So kind of quite simply for us, we do whatever we can to kind of involve the brokers whether that's actually scheduling time to sit down with them to talk about the green lease and we're actually currently revamping our green lease a little bit and adding some new standards and some tweaks. And so for us even to kind of say hey, can our brokers check this out and give us some feedback and really just a partnership with them and work together on the lease so that's kind of part of the, you know, they're one of the stakeholder groups that you need to engage early on and have them understand the lease. And if you can do that, it's going to help everyone so ...

Holly Carr: And just to add to that I will say, Jonathan, that one of the credits in the Green Lease Leaders Recognition Program is broker education and requiring that brokers that you work with have some energy efficiency education from professional development there just so they have a sense of what is an Energy Star score? Why is that important? Why would we want to share that energy efficient feature of a building space with potential tenants and so forth? And our partners at IMT worked with us to create a broker training actually that will be – it has been a live training for the past year or so. And it will be recorded and it will be put up online through our Better Buildings Solutions Center that will be free and accessible 24 hours a day to our brokers so that they can easily kind of bone up on the basics of energy efficiency and Energy Star scores and so forth so just a plug for that upcoming resource.

And, Jonathan, we have another question. I think I'll open this one up to any of our panelists but a couple of questions on sub-metering and any guidance that our panelists might have on getting sub-meters into a space working with – working between tenants and landlords to sub-meter. That is a requirement of the Energy Star Tenant Space Recognition that your space be sub-metered. It's also a requirement, one of the prerequisites of Green Lease Leaders at the portfolio level so a really important piece. Any thoughts on that, Jonathan and then Craig?

Jonathan Bauer: Yeah, sure. So everyone knows sub-metering is a challenge and a lot of people talk about it when it comes to green leasing. And for us, you know, we have a clause in our lease or at least a forward-looking item in the lease that encourages tenants to take a look at sub-metering and to talk to us about sub-metering, and we're of the mindset that we're willing to sit down at the table and talk about

that. So we have some language in the lease talking about it. It's not a requirement of the tenants, but we at least want to encourage a conversation around it.

Craig Haglund: [Crosstalk] _____

Holly Carr: Any recommendations from EPA, Craig?

Craig Haglund: Yeah so it's definitely the question that's come up a lot, and I think it's usually the context of someone has a specific issue and can't get sub-metering or has a question about their specific space. And it's a tough thing to tackle in terms of one answer on how to go about doing it. At this point we don't have specific guidance on sub-metering as part of this. I think it's something we're looking to learn more about and see all the different situations that come up and really look at that criteria item in general. And I always say that if you're looking at a specific technology and want to install it, you know, contacting the manufacturer, understanding what they've seen. I mean they're dealing with the products and they know how their product is installed so that's always a good way. But it is on a case-by-case basis, and if there are some general guidance that we can put together that is applicable to the Tenant Space Program, we'll definitely look into that.

Alex Harry: Hi, Holly. This is Alex. Just to piggyback on what Craig said, it is kind of a case-by-case basis and this is something that INT is currently investigating for our Landlord-Tenant Energy Partnership. It's another program that INT is focusing on specifically working with tenants so that they can engage their landlord on energy issues. We're actually doing a sub-metering pilot to work with folks to basically investigate this problem. How do you standardize a sub-metering approach on a portfolio level? And this is a pilot that will, hopefully, come up with some answers and best practices in the coming months.

Holly Carr: Thanks, Alex. One more note on that. As part of the new resources that are coming out with the enhancements to Green Lease Leaders, the Better Buildings folks will also be developing a matrix of sub-metering resources to help folks differentiate between the offerings that are out there and the technical specifications that you may want to be looking for as a tenant or a landlord in a sub-meter so look for that.

And, Kendall, if you would click back in our slides to the screenshot of our brand new website, I just want to call folks' attention to three actions that you can take from our website right

now top level at the Green Lease Leaders website. You see those buttons on the right-hand side: Assess, Join and Apply. So if you are a landlord or a tenant, you can click Assess and you'll be taken to an online leasing practices assessment and see what are you doing right now? What are opportunities for improvement? What are things that are no-go in your organization in terms of the Green Lease Leaders rating system and really get a sense of where you are in the spectrum.

Then right below that, the Join button, that is a quick link to sign up as a participant in Green Lease Leaders, which really brings you into a community of folks who are interested and committed to investigating green leasing practices. We'll let you know when we have peer networking calls, when we have webinars that would be of interest and when we have new resources that are coming out for both tenants and landlords. So please feel free to join Green Lease Leaders whether or not you are ready to apply for recognition.

And then, of course, that third button down there, Apply for Recognition, that's the link to our online application forms. It takes you through a couple of screens where you can indicate what practices you have already up and running in our organization and provide documentation for that.

We are, as always, here ready to help you in person and on the phone as well, so this doesn't have to be a completely online experience for you. We know that the technical assistance in person can be really helpful. So please feel free to reach through our contact on the website.

And with that, I think we're at 4:00. We will be following up to everyone who registered for this session with an archive, a link to the archive as soon as that's available. I'd very much like to thank our panelists for taking time to be with us today and for powering through our technical difficulties. Feel free to contact our presenters directly with any additional questions that you may have or questions that we didn't get to today.

If you'd like to learn more about the Better Buildings Challenge or the Alliance, please check out our website or feel free to contact me, Holly Carr, directly at the email which will probably be shown in just a moment. There we go. And what we just saw is a link to next month's Better Buildings webinar installment, which is a focus on water and energy savings, strategies for water savings that are also strategies for saving energy. I encourage you to follow

Better Buildings on Twitter as well for all of the latest information.
Thanks very much, folks, for joining us today. Take care.

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