Webinar recording began with Elizabeth Vasatka's 3rd slide.

Elizabeth Vasatka: And so the city has a long history of environmental stewardship and the work that's done in the commercial sector to really help the business tenants and the commercial building owners increase efficiency has become much more robust in the last six years.

We've worked with your external partners to identify gaps and then develop program that will help break down traditional barriers to implementing efficiency. Brad mentioned a few of them. But for us it was really the time and staffing resources that property owners didn't have – the upfront costs navigating the process of programs, rebates, incentives and really finding qualified contractors to do the work. And so that's in the private sector.

And on the public sector side for the city organization, what it did was initiate an energy performance contract with McKinstry, which is a national energy service provider. That program launched in 2009, and it really looked at all the city facilities and buildings and looked for opportunities for energy efficiency and renewable energy installations to be paid back by guaranteed energy savings.

And this was a program that really led the city as a large property owner to work with its tenants and to implement energy efficiency and use lease addendums to the existing contracts for the payments by the tenants.

Next slide, please.

And so the timeline of effort that the city has worked on to develop programs – programs for both businesses and building owners – and then for its own organization and building portfolio, it's really to understand the appetite for and the barriers against implementing energy efficiency.

The graphics you see on the slide are some of our programs. The top right is really that operational business behavior change program that we all know that pairing the operation and the building structure upgrades is really to maximize energy efficiency; and so we have a program called *10 for Change*.

And then the bottom picture is really our energy efficiency program – a full-service program called *Energy Smart* – and that's one of our energy advisors working with one of owner-occupied businesses. And so obviously that's the best case scenario for us is

working with owner-occupied businesses – you don't have the split incentive, they are realizing the benefits to implementing, and it's a win-win for sure.

And so on the left side the city organization, as I said, started the performance contract in 2009 but didn't really start working with their tenants on opportunities for efficiency upgrades till 2010. And this performance contract implementation stands at least four years and has four phases of implementation. And here you see the municipal building on the top – that's our city hall – and then below is one of our buildings that we own, and we lease to a *for*-profit restaurant here – this is our tea house.

So next slide, please.

And so as for private sector programs, our demand side management program went in to a little more depth here on our climate action plan initiative working… here with building owners and businesses. I mentioned a little bit here our *10 for Change* program, which is a business-to-business networking opportunity for businesses to share best sustainability practices with each other. And we know that that is much more powerful than the city coming and providing the information to them. So this has been a successful program.

We have all out other sustainability programs like many cities we've provided assistance and engagement programs for well over a decade, and we continue to develop and revise these programs to meet businesses and property owners' needs. The high-performance leasing pieces of this is becoming a tool and really an education topic with our business outreach programs.

And then – I'm not sure if you can see it, but on the far right there's a photo of an economic vitality brochure; and in 2008 most cities have economic development programs – or economic vitality programs in our case – that in 2008 the city launched an economic vitality program, and a year after that launch the city integrated sustainability requirements in to its flexible rebate program.

And so this rebate program's objective is really to retain businesses and to provide financial incentives for them to grow in Boulder – expand or remodel their space. And so this program helps promote the link between the economic, social and environmental sustainability. And it really helps educate businesses on the values of the Boulder community.

And so next slide, please.

So on the city side of implementing an efficiency and engaging with McKinstry who provided the assessment and a whole plan of implementing weatherization, energy efficiency, renewable energies in to the city's portfolio that this project allowed the city, as a landlord, to exercise really the intent of high-performance leasing. And so out of – the city has about 300 structures, but they really focused on the high-energy use structures somewhere around –

[Silence from 0:06:15 to 0:07:17]

– a win-win, because the terms of the city's leases with these tenants were 10 to 20 years; and so that obviously helps to pay back. But because a lot of the retrofits and even renewable energy on just one of two of these buildings they were able to bundle them and package them so that gave the cost to have a better payback.

And so once the improvements were identified, the costs were estimated, the city staff talked to the board, now we're just waiting; we're in the improvement stage of this. And so the city drafted a letter of intent and then got that signed by the parties. And then once the projects are complete, then the city will complete the process by implementing a lease addendum for the energy efficiency payments from the non-profit and for-profit tenants.

Next slide, please.

And so the stakeholder engagement component is very important; it's a very important part of the city's work with the private sector on how to support the implementation of energy efficiency. I've mentioned a few of these, but since 2007 the city's really worked with the local stakeholders on various projects to implement and develop, develop and implement efficiency programs.

And so the collaboration on *10 for Change* was really initiated by the voluntary commercial programs we put in place and understanding that the split incentive was so prevalent. And so this program really helped businesses do the no-cost/low-cost energy efficiency to reduce their energies and to see the benefit within their own business operations.

And then in 2008 the city invited many community members to participate in climate action plan technical teams. And so we had

five or six technical teams to really help dig in to what's the best strategies to implement efficiency in the residential/commercial sector. This is where the municipalization project was born out of. And so the community does a lot of work in partnership with the city. And so they helped us realize on the commercial side the concepts of how we provide a full-service energy efficiency model really to assist businesses where they're at. Brad spoke of this as that some tenants are going to care; some tenants are not going to care. You try to find that value component where some aspects of energy efficiency or sustainable best practices will resonate with the tenants.

And out of this process we really created a one-stop shop model of having advisors work on behalf of the businesses with the businesses going to them. And so whether it was a business tenant in owner-occupied business or a building owner, we definitely had services to help any of them. And then out of that process for the next couple years from 2009 through 2011, we are really designing, piloting and implementing demand side management programs to meet the needs of all the different audiences or stakeholders within the commercial building sector.

And then in 2011, we hosted a large commercial property owner energy efficiency charrette. And this was really to engage the professionals working in the commercial building sector, the real estate brokers, the architects, the developers, the engineers, property owners, the managers. And really how to break down those barriers – what do they need, the city had a funding source – we can implement things to assist them – information, resources, tool – whatever their need was.

And so then there was a lot that came out of that, and I'm going to touch on it in the next slide. But then to touch on what Adam had said in the intro was –

If you could go back, Kate, I'm still discussing some of this engagement. Thank you.

But another big engagement – stakeholder engagement process that took place here in Boulder that Adam and I were fortunate to attend was in 2012, and it was a national commercial building industry group to develop resources for tenant-landlord collaboration. And this brought – this effort brought together bankers, attorneys, large commercial property owners like Brandywine – I don't think they were there, though – and the managers, national environmental groups, organizations to really

help move this effort through the commercial sector. And this was hosted by Rocky Mountain Institute and National BOMA. And they created out of this engagement process landlord-tenant sustainability collaboration guide. And this is on RMI's website, and so you can access that.

And then along with all the other cities – the city's service delivery of voluntary programs, it will also be in 2013 a year of policy development. So council has given staff direction, and we've been working on this with INT and DOE and ECA to develop an energy rating and reporting program that part of its intent is to impact and help break down some of those barriers between the tenant and landlord situation split incentive and promote engagement and collaboration.

So next slide, please.

And so just highlighting some of the efforts that came out of the Boulder-hosted commercial property owner energy efficiency's charrette, these – identifying the barriers that I talked a little bit about in the beginning and Brad touched on, we really produced some of the solutions for our stakeholders. And even though you don't see high-performance leasing in this list, it really falls under solution five – commercial real estate broker and tenant education and engagement program.

And this is really – will be a key topic area in the commercial broker education that we developed and that Adam mentioned in my intro. And this is really to help engage brokers' clients, whether they're tenants, businesses or owners on aspects of high-performing leasing, what to ask for, windows of opportunities, really how to identify and guide them through efficiency, upgrade requests and opportunities.

And so what we realized during the charrette with all the different stakeholders was that the professionals in the commercial building industry often speak different languages, and they have different varying levels of education. And so we really realized that each audience needs their education; it need to be tailored a bit for that audience. And so to date, the city has supported four out of six of these solutions so far. And the latest effort is to launch in March; and that is the city hosting the Commercial Broker Energy Efficiency Education Program.

And this was developed. Adam sat in a few calls, and this was really developed with an advisory group and a working group of

stakeholders – the same folks that I mentioned. But we had actually the University of Colorado Real Estate Center, we had brokers, we had building industry representatives, sustainability businesses that help businesses and property owners implement sustainability best practices. So they really helped us develop this curriculum.

And the curriculum's main objective is really to increase the literacy of what makes a high-performing building and how to identify opportunities for efficiency and use high-performance leasing. And so we can – if you have questions about that, I could provide you more information about it. But I think what we really heard from the stakeholder group is that making sure it just wasn't a sit down and talk at them, and this is known, obviously, that people want to be more engaged.

And so the session – the workshop is two days four hours each day. It covers four education topics, it has many case study presentations from actual tenants and building owners that have implemented and how they're tracking and how they're seeing their energy savings. And then hands-on learning with – we're picking locations that the facilities folks will show us around; they'll show us the building systems and technology. And then there'll be a lot of peer-to-peer interaction.

And we actually got continuing education credit for this class, and so hopefully that will be a big draw and we can start really increasing the literacy of a critical stakeholder group or building – commercial building industry professional, which is the broker.

So next slide, please.

And so we've talked a lot about barriers. I think most people on the phone understand the barriers. And so what – through our engagement process we really discovered the issues that are preventing a high-performance lease from being used. And in Boulder in particular, we have – the majority of the lease arrangements are triple net leases where you have that split incentive; whether real or not, it's there.

We have a small number of large property owners, and they are more of cash flow oriented companies than the asset value oriented companies. And so making the business case and the economics for efficiency is real critical for them. And we have a real competitive real estate market. We have low vacancy rates right now, so unless there's a payback or payoff for messing with the

lease that already works for these folks, they're going to stay with what works.

And so until late 2012, we really didn't have a private sector commercial building owner that was an early adaptor using high-performance leases; but recently we've had one move in. These folks are headquartered in Seattle and Portland, so they've been accustomed to all of the benchmark and disclosure requirements, and they actually have a pretty strong sustainability business ethic like Brandywine. They realize the economics, they've done the work, they've – as their leases turn over in the portfolio that they purchased the majority of share of.

They're working with tenants to help them understand the benefits of high-performance leasing, and then they actually realize that their lease is somewhat out of date, and they're upgrading that right now. And so the city's working with them to try to see if we could provide some case study and help some of our other building owners see a benefit to this, and if we could show them even a 50-cent increase in base rent, they would say that would get their attention. And so that's been an interesting engagement process. And so we're looking forward to more work with them.

And then as the city organization can start to implement high-performance leasing in to their standard leasing process, we – this will help educate our tenants – the city's tenants. And again like the economic vitality program, the high-performance leasing will just send a strong message to out community that this is part of our leasing practices.

So the next slide, please.

And so our next steps to support and use high-performance leasing is that we are hosting the first commercial broker education program, which will have a key topic of the high-performance leasing, the benefits, the differences and how to possibly use those or start the conversation with your tenants or building owners – whoever you're representing – collaborate with more business groups to really provide education around the topic.

And we will lead more – I guess, through our policy work, we'll have those key stakeholders, property owners and managers in the room. And so I have no doubt as we're scoping out energy rating and reporting requirement, we'll be having robust conversations about potential elements to high-performance leasing and educating on that. And then really working with our new property

owner and creating case studies and economics to show and hopefully do some outreach to the other property owners on how this can be a win-win and get this more prevalent on our private building sector.

And then the city will be working, obviously, with our existing tenants that are getting upgrades to those facilities and paying back the upgrades over time. And we'll be hopefully working with the city attorney's office and our facilities – the asset management department – to integrate a lot of the sustainability, green lease, high-performance leasing provisions in to new leases that we engage with new tenants; or when lease renewal happens for city tenants.

And so that concludes *my* portion of the presentation. I'd like to thank you and hand it over to Chris Gizzi with Washington State.

Christopher Gizzi: Great. Thank you. Thank you, Elizabeth.

So I'm with an organization called Real Estate Services. I'm actually technically no longer with Real Estate Services, but I've been kind of their energy guru for the past few years. So they've asked me to represent them for this particular presentation.

Enterprise Services is a consolidated – it's kind of in a sense the equivalence of GSA for the state of Washington. It's a number of different agent – or government functions, and to a large extent we deal with both owned and leased properties throughout the state. Real Estate Services in particular deals specifically with facilities that are leased from private building owners of all varying sizes.

We have about 685 lease spaces leased at the end of the year last year, and that's counting facilities that actually have physical space associated with them. We also lease parking lots and things like that that don't have office space. That's about 10 million square feet. And part of the reason that – what – a lot of the spaces are relatively small; they're distributed throughout the state in a pattern that roughly approximates the population zones.

You can see where the red zones are on the map that I put on this screen. The exception being the state capital; there's quite, obviously, a larger distribution of government offices in Olympia, Washington and surrounding area.

But a lot of these facilities are relatively small; nearly 60 percent of the facilities that we deal with are less than 5,000 square feet. And

if you're familiar with the Energy Star program, those facilities that are under 5,000 square feet aren't really addressed by Energy Star. You can enter them in there, but you don't get an Energy Star score for them. The – our inventory also includes about 10 percent of the buildings that we work with are greater than 55,000 square feet. And that's where we've seen probably the greatest gains with LEED and with energy improvements.

If you could go to the next slide, please.

So early on, the state of Washington was very proactive with addressing the LEED program. We – the state was actually in an expansion period in terms of state government. We had a number of new programs, new agencies – agencies being some divided – and consequently there was quite a bit of demand for new facilities, especially in the county surrounding the state capital.

And with the LEED program being on the horizon at that point, there was a lot of emphasis both from the legislature and from our own organization to emphasize LEED, both in terms of facilities – buildings that we own and with leased facilities. So it was an opportunity as we – each time a new program would start to look for a new building to move in to, there's an opportunity to basically used the market to find – to get the best value in terms of LEED and sustainability.

We had – the five that I have listed on here are some of the earliest facilities that we managed to get under LEED certification or at least Energy Star. We actually – this list probably doubled altogether by about 2010. And this really represents a lot of the new large facilities that we moved in to during that period.

If you could move to the next slide.

So the – this is a couple of the different facilities during that period. All of these are within the counties surrounding the state capital. All of them ended up integrating a substantial portion of energy savings measures right in to the building. Obviously when you're in a new building and you're focusing on LEED, there's a lot of opportunities there. The building owners understood implicitly that they could get considerable credits towards energy savings within the buildings.

And so for example, the building up on the top left, the two slides – the center and the top left – that building is the Edna Goodrich building implemented some interesting features. For example

there is a chiller system – I don't know if a "chiller" is exactly the right word, but essentially the building has a system that freezes ice throughout the night to use for keeping the building cool throughout the day. Now the part of that is – the incentive is to reduce the demand load in terms of energy cost throughout the day when everybody else is running as much power as they can to air condition their buildings.

Part of it also is – in our particular climate, even in the summer, the temperature tends to drop at night; so it's a really good opportunity to utilize the drop temperatures to maximum efficiency for the building. Some of the other buildings here, it's typical that they're using economizers, variable *[inaudible due to change in audio]* drives, lots of T8 lighting, lots of light shelves. All manner of different energy savings and high efficiency measures went in to these particular buildings.

Why don't we move forward to the next slide here.

So one of the driving factors even with smaller buildings during this period that helped us to achieve a high level of efficiency is our own specification. We use a performance specification; we use basically the same specification for every lease. Now the most current version of that was written in 2005, and it's definitely getting a little stale and needs some attention in the technical areas, particularly as related to energy changes that have happened in technology and in code in the last few years.

The spec is basically divided it up in to three sections. Part A and Part C both have a little bit of impact on energy. Part A is mostly dealing with allowances. The way our leases typically work is – the agency that occupies the space pays for the lease out of their operating cost. Consequently, when it comes time to move in to a new building, there isn't a whole lot of funding available to cover the cost of the move and new furniture and everything else related; it's still coming out of their operating cost. And that's – that can be a challenge for a lot of agencies, because they don't have a large fund available to push them through that kind of a transition.

So there was an issue within the state to try and fold as much of the TI cost as possible in to that initial lease but to do it in a reasonable manner. So at the time that these specifications were put together, there was quite a bit of debate about this, and eventually we came to a set of allowances that will – for the most part – meet the needs of *most* of our clients. Where we run in to situations where a client has a lot of private offices that they absolutely need and there's no

getting around that, or other very specific requirements, those will tend to be additional costs at the – TI costs that the agency will have to fund at the time.

In addition to these allowances that are built in to the lease, that section Part A also requires energy surveys to be conducted by the building owner on the existing performance of the building; or if we're in a new building, comparable information to be provided by the design team indicating how that building will perform with the new client in it.

Under Part C, that's more of our technical specifications, we have a lot of your bricks and mortar kind of stuff. There's pretty stringent requirements (at least for 2005) for windows, insulation, other building envelope requirements. The HVAC specifications were pretty advanced for their time.

I don't claim to be a mechanical engineer, but what I can say is that we have programmable controls, variable frequency drives, zoning requirements that provided not only comfort but made sense in terms of heat distribution throughout the building, and as well as ventilation requirements that are very specific to the type of program that are in each individual space whether it's a conference room or an office, open office.

And a lot of this was – I'll say essentially cribbed from the LEED requirements. So there's a lot of parallel in terms of what our specification is and the requirements that are in the LEED manuals at the time. Additionally we required electric – electronic ballasted lighting, T – typically your T8s, daylight zoning controls and occupancy sensors.

There are some areas where the specification doesn't quite line up with LEED. Obviously LEED gets in to a lot of other variables such as green roofs, indoor air comfort is an area where we did focus on but there's some other areas that were not quite energy related that are not really incorporated in to our specifications. But at the time that this specification came out, there was a pretty close alignment to the LEED program.

If we could move forward to the next slide.

So about 2009 the legislature recognized that while we were making a lot of progress with new leases and new buildings, there was – we still have an inventory of buildings that they really don't know how they perform; no body was really keeping track of that.

And so an RCW, which is a law essentially passed by the legislature, was put in to place that it applies to any type of lease or condition spaces; it applies specifically to buildings that are greater than 10,000 feet – or I should say leases that are 10,000 feet, because sometimes we'll have multiple leases in the same building. And then it also – the other requirement is that the state tenant pays the utilities directly.

If all of these are applied to a particular building, then certain requirements kick in. And one of those is that the state tenant that occupies the space is required to enter the facilities in to Energy Star and benchmark that building to identify – it's essentially established what that building's performance is.

If a building shows up as scoring less that 75, in order to renew the lease, we need to go through an energy audit to determine what kind of measures can be implemented in that building, what's going to be cost-effective. And the – that language then gets put in to the lease that the owner agrees to implementing the cost-effective upgrades and within two years of the lease going in to place.

There is an optional – there's a waiver possibility if we get in to a situation where a building there's – for whatever reason – it's just not going to be cost-effective to make upgrades or cost-effective to relocate the tenant to another building. If we run in to a situation like that, there is a option for the state to issue a waiver.

If we could move to the next slide.

So again, when we started to look in to what is implementation of this particular law? What is does it really mean for our own particular inventory of buildings? We found that of the – I forget what my number is right offhand, but of the 685 buildings that we have leased, only about 180 are probably going to apply to this particular law. And that is because a lot of the spaces, again, were less that 10,000 square feet. Some of them are warehouses that are unheated.

And even the 180 leases – the reason I said "may apply" is because we don't have an inventory tracking system that tells me for certain if any particular lease is a pro-rated share. And what I mean by that is – if you have multiple tenants in a building, the building is all on one meter, then those tenants – it'd typically set up where the building owner pays the utilities directly and then

gives a pro-rated bill to the individual tenants. In that scenario, this law technically does not apply.

We have had tenants who are in pro-rated buildings proceed with tracking the buildings anyway, which may not be 100 percent accurate because they're looking at a portion of a building. But it's still helpful for us to know just where we need to focus our attention for future challenges with energy.

So as the reporting has come in at – currently we have about 92 of the 180 facilities that we actually have seen reporting. And that may be getting pretty close to – I imagine it's probably going to level off to about 110, maybe 120 by the time we see all of the buildings again because of the pro-rated – the number of facilities that are pro-rated.

The results look pretty good. About 59 percent of the buildings that have been reported have scored higher than 75. 85 of them have – or have scored better than 50. So we know that that's an indication that our efforts with lean and – or with LEED and with our specifications have paid off.

If we could move to the next slide?

So as I mentioned before, the co-locations are often pro-rated, and that's why it's probably less than 180. One of the things about the results is – the results of course need to be verified. In some cases we have seen buildings come in with scores that are fairly low. When we've gone back and looked at that, some of it is a matter of we have the agencies – a lot of different agencies, a lot of different individuals with carrying backgrounds in this entering data.

And Energy Star as a program is a little cryptic. If you're not using it all the time there's a lot of little caveats in there that can really affect the results. One in particular that we've seen a couple times is a building gets entered and the user put in all the building data but they don't put in the amount of parking that's directly associated in. So for example you have a building that has a parking garage on the first floor and a parking lot that's also running off of the same meters, you're going to see a significant difference that that has not been entered in to Energy Star.

To some degree the results might need to be verified in the opposite direction. We had a agency that had a pretty high score move out of the facility, and a different agency move in. And theses agencies have a little bit different cultures in terms of how

they use the building. The one that had previously occupied the space had a culture of keeping the lights off in the open office areas. So although the building had a high Energy Star score, it wasn't evident from that score that the building actually had old magnetically ballasted T12 light throughout, because they just simply weren't using them. The new agency moved in, and it suddenly became apparent that we had little more of a problem with that particular building than we had realized.

And I also put funding on here as a little bit of a challenge that we've run in to in terms of implementing this law, because the – when the law was put in to place, there was actually language in the law that indicated that in as much as funding is made available, agencies are required to follow this. Funding throughout state government –I'm sure this is probably true with federal government and other government levels – but it's not entirely an equitable or equal thing.

I should probably default back to Brad's disclaimer about – my views do not represent my employer when I say this. But essentially there are some agencies that have better funding than others. And with the recent economic conditions, some agencies have had to cut staff quite a bit, and so funding and resources to dedicate people to entering in to Energy Star has been a challenge for a number of the agencies that we work with.

If we could move to the next slide.

Adam Sledd: Hey, Chris, we're getting about to where we want to –

Christopher Gizzi: Okay.

Adam Sledd: do some Q and A. So you can just – sorry to cut you off, but if you can wrap it up real quick.

Christopher Gizzi: No problem. And I'm pretty much winding down, too.

So the initial challenges that we talked – that we've run in to when we work with owners is, one, defining what is cost-effective. We don't want owners to – and I'm talking now about the audit process once we've identified that we have a building that has some energy challenges.

We don't – we have had owners come back with audits that indicated 20-year payback items. We typically are writing 5-year leases, so we need to our – the owners that we work with and the

engineers that do audits to understand that limitation. I think the question of what's in it for the owners and the split incentive has been addressed quite a bit. I will add that while as a group the owners tend to ask the "what's in it for us" question. I think individually they recognize that they're competing with each other and that they have an incentive to keep their buildings competitive.

We have had a challenge with agency cooperation. Tenants with space heaters and other energy use items and how that impacts on the building, and it's something we can't really hold the building owners responsible for the tenant behavior within the buildings and how they use the spaces. So if somebody has private refrigerators and coffee heaters and all that.

There's also a timing issue. We would like to see these audits get completed before the leases expire so that the scope of the new work can get incorporated in to the new lease language. There's also a challenge of culture change. There are limited resources. And this is new to a lot of people, and there's a learning curve associated with it.

If we could move to the next slide.

And just in the last year we've had an executive order that essentially puts new emphasis on energy performance. And we are still at the point of figuring out what that means on – it's essentially the same directive that came out from the previous lab but without necessarily a funding loophole in it. So this is new to us, and we're still – it's a new challenge that we're going to be facing in the next couple years.

And that's –

Adam Sledd: That's great.

Christopher Gizzi: pretty much it.

Adam Sledd: All right. Thanks a lot, Chris.

So now we have time for some questions. Hopefully we got a bunch of good ones.

Kate George: Absolutely. Hi this is Kate George from ICF again. We'll be taking questions for Elizabeth from Boulder and for Chris from State of Washington now. So you can submit them in the chat box.

And we'll start out with a question for Elizabeth. For the NGO XL project financing, how large was the city's bond issue? And were there issues with the transaction costs associated with bond issue relative to the size or concerns about adding to municipal debt?

And I can ask that question again if you need me to.

Elizabeth Vasatka: Yeah I think I have the gist of it.

So the whole energy performance contract basically was $16.2 million. Yet the bonding – there was the energy performance contract financing, there was the qualified energy conservation bonds, there was XL rebates and some other grant funds, there was a small amount of EECG federal funds, and then there was city capital. So it was quite a mix of creative financing. And so the city is paying back the bonds within 13 to 15 years. That's their debt service on the bonds.

And then… let's see – was there another point of that question I could answer?

It was a voter initiative that allowed for the bonding. And so that was approved by the voters. And then with the mix of all the other financing components, I think the bond – if I recall correctly – was about $10 million.

Kate George: Great. Fantastic. Thank you.

I think we'll move to a question for Chris. What frequency are audits required in the state of Washington? And what kind of follow up is required for those audits?

Christopher Gizzi: So essentially the way the law is written and from a practical standpoint of implementation, the audits and the updates in terms of benchmarking need to happen – need to correspond with the lease periods. Like I mentioned before, we typically have 5-year leases, and so we want to see that information coming in as far as benchmarking.

We would like to see that come in about a year, at least, before we engage in a lease renewal. And then that gives us time to get in to an audit process with the owner. Ideally the audit can be conducted and completed before we get to the point where we're negotiating a new lease, so whatever scope of work comes out of that can be completely negotiated and put in to there.

This hasn't been 100 percent codified. It's still kind of new to us in terms of implementation. But I think that's the best answer I can give on that.

Kate George: Great. Thank you. And as a follow-up to that, what has been the response from the real estate sector to these requirements?

Christopher Gizzi: It's been a little bit mixed. There's definitely chatter about the whole split incentive question. As I suggested earlier, that tends to be something that when we have semi-monthly meetings where we get tenants and building owners to discuss the topic of the day, and that has come up a number of times.

On the other hand, like I said before, when we're actually dealing with an individual building owner on a particular facility, for the most part they seem to recognize that they're in a competitive market, the state is downsizing, we've actually, for various reasons, moved out of a number of buildings. So it's pretty clear that they recognize that they need to keep their buildings as competitive as they can.

But again, every building owner's different, and some of them, like Elizabeth mentioned, tend to be asset value oriented. And especially a lot of the local ones we deal with recognize the value of all this in keeping themselves competitive in the long run. A lot – some of the others tend to be just more bottom line oriented and need a little bit more persuading to buy in to this whole concept.

Kate George: Great. Thank you so much, Chris. I think we'll have – field one more question for Elizabeth, and then we'll wrap up.

Elizabeth, was Boulder's performance contract the first new financing structure that you tried? And did you hear other ideas about financing EE for tenants and owners outside of public buildings?

Elizabeth Vasatka: Well I think it definitely was a way for the city to assess its whole portfolio and to pay for it. And so with some assistance with the ARRA funding trickling down through the state, our governor's energy office at the time had put together a list of energy service providers. And so there was some incentive there and obviously some extra resources through the state. And so I think that was the financing method that worked the best.

And with all the other components of financing that were brought to the table, it really leveraged the city's capital that they had to

make sure this could all get done to maintain the value of their portfolio knowing that the city's buildings aren't really going anywhere and we have to maintain them. And so it was a great opportunity for the city to do this.

Kate George: Great. Thank you so much, Elizabeth. I think I'll hand this back to Adam Sledd from IMT.

Adam Sledd: All right. Thanks a lot. So hopefully everybody got quite a bit out of the webinar the past couple of hours. And it sounds like we've got a few more slides for you just to cover some more of what Department of Energy and federal government is doing to help out.

Adam Guzzo: Thanks, Adam. This is Adam Guzzo again from the Department of Energy. I just wanted to briefly lead off here on a couple of ways that the public sector can engage on some of these issues. So the Better Buildings Alliance – this is an opportunity to work collaboratively with US Department of Energy on furthering energy goals you may have in your state and local governments by participating in this alliance.

So through membership and alliance, states' local governments, higher education organizations and school districts can expand their skills and resources around strategic focus areas by accessing expertise here at the Department of Energy and thoughtful peer exchange amongst other similar organizations such as municipalities, states' higher ed organizations, things like that. And what we ask of members in the alliance is for them to commit to annual energy savings goals and participate in project teams to build tangible results driven capacities and tools to maximize their organization's effectiveness.

So in 2013 we're launching four project teams, and they're going to be focused around the following subject areas: energy savings performance contracts, community strategic energy planning, finance strategies and data management approaches.

So if any of those four areas are of interest to you, or if you're looking for an opportunity to engage with the Department of Energy and receive, like I said, some of that expertise as well as an opportunity to engage with your peers, I would encourage you to take a look at the link in the green box on the slide on the screen and see if you are interested in signing up.

And just a brief note: historically we've used the Better Buildings Alliance to work collaboratively with the commercial buildings'

owners and managers so that sector, and a lot of really good things have come out of that. And particularly the Green Lease Library was a result of that collaboration, and that's something that Adam Sledd talked about earlier. So love to have folks join if you're interested in that.

And Amy, I'll turn it over to you to carry us forward here with the other related initiatives.

Adam Sledd: All right. Amy?

All right. Is Amy on?

Amy Jiron: Sorry, I was muted. *[Laughter]* Here I am.

Adam Sledd: There we go.

Amy Jiron: So here I am to tell you about all of the initiatives that the building technology program has underway. And the first one is the standard energy efficiency data platform, which is a platform for data using data in a variety of different ways and any kind of data for that matter. You can see from the slide that it's very open, it's got a standard taxonomy that we're developing. And if you're interested in more information about that you can contact me.

Kate, do you want to go forward to the next slide?

The next piece of work that we are doing is access to utility data, and this involves a survey of utility companies on how easy or hard it is for customers to get information on their utility usage. I would encourage all of you to encourage your utility – utilities to fill out a survey on this. There's a link at the bottom.

And I also wanted to just mention Green Button, which is an industry-wide way that customers can use this tool to get information on utility and energy usage. It's a very, very big and upcoming way of doing that. So I would encourage you to look in to it or as I said. Let me know.

Kate, next slide.

One minute.

Asset rating – our asset rating tool is about assessing building information without doing an energy – an investment audit. And it's not a replacement for that, but it is a low-cost screening

mechanism. It helps building owners identify the difference between buildings that need a commercial – or an investment and buildings that just need to have some other piece of it fixed. I guess so as if you're training – your building operator needs to be trained.

Last slide.

The building performance database – it is data on existing buildings that it not modeled or anecdotal. It is good data that you can use for a variety of tools that is from, like I said, tens of thousands of existing buildings. It is under construction at this point, but if you have interest in providing data or getting access to try it out, please do let me know again.

And I believe that the last slide is just contact information, and I'll also let everyone know that you will have slides out to you for your reference. And again, visit the website seeaction.energy.gov.

Thank you so much to all of our presenters today. I think it was a really amazing presentation that will be valuable to all of the people who listened in. And I would encourage everyone to follow up on your high-performance leasing efforts with these speakers, if you have questions or with us if you have questions as well.

And with that I will let you go on with your day. Thank you for joining us, and we look forward to talking with you again.

Adam Sledd: Okay. Thanks everybody.

[End of Audio]