April 2017 Liaison Call
4/25/17
January 24, 2017
Agenda

- Justine Burt, Appraccel
- Giselle Sebag, Fitwel
- Eric Teicholz and Bill Conley, ESUS Community updates
Green Leases

Justine Burt
Founder + CEO, Appraccel
Goal: Net Zero Energy buildings
NZE - 435 Indio Way, Sunnyvale, CA

- Up-front investment -$49.84/sf
- Additional value of +$100.29/sf
  - Reduced operating costs over 15 years of $83.08/sf
  - Above-market rent over 15 years of $36.92/sf
  - Additional rent received due to early lease-up (3 months to rent out instead of the average market time of 18 months) of $22.81/sf
  - Additional leasable square footage due to 6” of exterior insulation (building grew 326 sf) of $7.32/sf
- Lower reserve requirements of +$29.85/sf (HVAC replacement, tenant improvement reserves, etc.)
Challenges

- **Tenant**
  - Majority rent office space
  - Historic split incentive
    - Will benefit from upgrades
    - Not their building

- **Landlord**
  - Initial capital outlay needs debt financing
  - Buy-in from real estate investors
  - Uncertainty of tax incentives (investment tax credits)
  - Lien on property - debt financing subordination to prime mortgage
Benefits of Upgrading Building

• Landlord
  • Higher rent (20% higher)
    • Silicon Valley tech office space tight
  • New Class A building

• Tenant
  • Save on energy bill
  • Employee productivity, attraction, retention
  • Green branding
**Green Lease Structure**

- Gross lease – tenant pays flat rate per square foot (can require tenant to pay utility bills)
- Triple net lease – tenant responsible for ongoing expenses of property (real estate taxes, building insurance, maintenance, utilities) but not 100% of improvements
- Green lease – aligns incentives of parties toward conservation of resources; defines materials, procedures and protocols
  - Energy budget – penalties for exceeding
  - Garbage/recycling
  - Indoor air quality and temperature
  - Green cleaning products
Importance of Negotiating Green Lease

- Better than pulling 3 paragraphs from BOMA form lease
- Creating an understanding
  - Goals and benefits of NZE upgrades
  - Energy budget
  - Strengthens relationship between landlord and tenant
Justine@appraccel.com
Introduction to Fitwel

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Fitwel is a high impact building certification designed to support healthier workplace environments and improve occupant health and productivity.
The Center for Active Design is the leading non-profit organization that advances design strategies to foster healthy and engaged communities.
Agenda

1. Why do buildings matter for health?
2. Why do we focus on health in workplaces?
3. How does it work?
4. How do you use it?
Why do we focus on health in workplaces?
Because there is a growing amount of evidence linking the built environment to individual choices that promote health.
Because workplaces combine multiple pathways for health risks.
Because healthy employees can result in lower healthcare costs, lower rates of absenteeism, and increased revenue.
“52 percent of all Millennials said “living or working in a healthy environment” is influential to their personal health, compared with 47 percent of Gen Xers and 41 percent of Baby Boomers.”


As the Millennials become the largest generation in the workforce, Fitwel can be an important tool to help businesses attract and retain talent.
How does Fitwel support a healthier workplace?
US Centers for Disease Control and Prevention (CDC) and General Services Administration (GSA) led the development and pilot phase of Fitwel.

The Center for Active Design (CfAD) is the operator of Fitwel and responsible for third party certification.
Fitwel Pilot Phase

Fitwel was piloted in a total of 89 GSA, CDC, and NYC buildings including urban, suburban, and rural areas across the U.S. to test and refine the scorecard.
Fitwel Certification

Fitwel provides 63, cost-effective, design and operational strategies for enhancing building environments to improve occupant health and productivity.

“Productivity losses related to personal and family health problems cost U.S. employers $225 billion annually.”

- Centers for Disease Control and Prevention. 2015-2016 Work@Health Program
Fitwel’s chosen strategies have the strongest evidence base and potential to make the highest impact for businesses.
Health Impact Categories

Each Fitwel strategy is linked by scientific evidence, to one of the seven health impact categories. Strategies with stronger, multi-faceted impacts get more points. The strength of evidence is also factored in.

This robust framework enables for change, over time, as the scientific evidence evolves.
How does it work?
Fitwel uses a simple, web-based scorecard that anyone can access through the Fitwel web portal.

- Strategies are weighted according to the strength of evidence and health impact.
- All strategies are voluntary—no prerequisites or must-have strategies that could be cost-prohibitive.
Location

1.3 Transit stop located within ½ mi of the building entrance
2.1 Provide a direct, accessible pedestrian route between a building entrance and transit.
Outdoor Spaces

3.2 Provide a walking trail within the building site/campus
4.3 Locate the main entrance oriented to pedestrian traffic and transit.

Entrances + Ground Floor

5.5 Make stairs clearly visible with code-compliant glass or through prominent location

Stairwells

Indoor Environments

5.5 Adopt and implement a smoke-free policy for the building
Workspaces

7.1 Provide natural daylight for majority of workspaces
8.3 Provide break areas that can accommodate lunch time activity
Water Supply

8.3 Provide water bottle refilling ability at water supply
10.2 Incentivize healthy food selection with choice architecture practices

BlueCross BlueShield of Tennessee. Architect: Duda/Paine Architects.
Vending Machines + Snack Bars

10.2 Encourage healthy food choices through pricing incentives
Emergency Procedures

12.2 Install an Automated External Defibrillator (AED) and adopt a testing schedule
How do you use it?
How well does your building support user health? Be part of the Fitwel revolution: find out about your building's Fitwel score today.
A minimum of 90 points is required for certification

<table>
<thead>
<tr>
<th>Level of Certification</th>
<th>Points</th>
<th>Certification Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitwel ★</td>
<td>90-104</td>
<td>Facility has achieved a basic level of health promotion.</td>
</tr>
<tr>
<td>Fitwel ★ ★</td>
<td>105-124</td>
<td>Facility has achieved an intermediate level of health promotion.</td>
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<tr>
<td>Fitwel ★ ★ ★</td>
<td>125 and above</td>
<td>Facility provides an exceptional level of support for health-promoting designs and programs identified by Fitwel. They exemplify best practices that have achieved the highest possible level of support for healthy behaviors.</td>
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</tbody>
</table>
Fitwel Digital Tool

Fitwel uses a web-based scorecard, featuring each strategy and its associated health impact categories, rationale, and evidence.
Fitwel Certification Process

1. Register
2. Input building information
3. Complete scorecard and upload verification documents
4. Submit for verification
The web-based scorecard provides an anticipated Fitwel score, rating, and areas of opportunity for further improvements.
Fitwel is paving the way by encouraging employers, building owners, and facility managers to prioritize health in their facility investments.
Questions?
1. S. SAG Council relationships – 1 hour webinars, Working with Electric Utilities on April 27 @ 1 PM Central, (John McGee and Barbara Luna (ex-pres. of utility council) are presenters.

2. How-To Guides (Sr./Emerging author program that Trevor discussed)- listing in EDF publication in March. A new How-to Guide update entitled Global Green Cleaning is now available, free of charge, in IFMA’s knowledge library. Click here to download a copy.

3. New IT/Sustainability SAG How-to Guide on IoT. Need potential authors and SMEs.

4. EPA/CEP ENERGY STAR Train-the-Trainer Program scheduled for May on hold until April 26 (new EPA budget on 4/26)

5. IoT Portal Status (Sustainability Channel): The IoT portal grew from 103 to 127 members (currently 143) in March (18.9%). Survey (over 1000 responses) currently being analyzed – will report on in portal (IoT@ifma.org) , eFMJ and in newsletter (sustainability@ifma.org)
<table>
<thead>
<tr>
<th>Proposed eFMJ Article</th>
<th>2017</th>
<th>FMJ Issue Theme</th>
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<tbody>
<tr>
<td>Work on the Move2: Adding Sustainability to the Transformation of the Workplace</td>
<td>Jan Feb 2017</td>
<td>Workspace as a Tool</td>
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<tr>
<td>(Sanquist)</td>
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<td></td>
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<tr>
<td>no article</td>
<td>Mar Apr</td>
<td>Optimizing Operations</td>
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<tr>
<td>Cities (McGee, Zullo)</td>
<td></td>
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<tr>
<td>Safety, Security and Risk - #2 Indoor Environment - Employee focus especially in</td>
<td>Jul/Aug</td>
<td>Safety, Security and Risk</td>
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<tr>
<td>the area of safety</td>
<td></td>
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<tr>
<td>Wellness Benchmarking and certification systems <a href="mailto:symphony.chau@centerforactivedesign.org">symphony.chau@centerforactivedesign.org</a>, Ravi</td>
<td>Sep/Oct</td>
<td>People, Process, Place - Fitwel/Well</td>
</tr>
<tr>
<td>Bajaj, <a href="mailto:rbajaj@healthybuildings.com">rbajaj@healthybuildings.com</a></td>
<td></td>
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<tr>
<td>IoT, Analytics, AI and Cloud: Implications Means for CRE/FM and Sustainability</td>
<td>Nov/Dec</td>
<td>Technology and Next-Generation FM</td>
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<td>(Teicholz/Jaspers)</td>
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Ideas for other topics of interest? Potential authors? (sustainability@ifma.org)
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>1/11/2017</td>
<td>Energy and Water Benchmarking – Bringing financial and sustainability value to your building (Laughman/Zullo)</td>
</tr>
<tr>
<td>Feb</td>
<td>Working with Electric Utilities: (McGee, Bob and Luna) POSTPONED</td>
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<td>Apr</td>
<td>COUNCIL - Utilities: Working with Electric Utilities</td>
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<tr>
<td>May</td>
<td>Life Cycle Cost Optimization/S. Purchasing or Train the Trainter (ENERGY STAR) with EPA</td>
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<tr>
<td>Jun</td>
<td>COUNCIL - CRE</td>
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<tr>
<td>Jul</td>
<td>Safety Security Risk: Indoor Environment</td>
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<tr>
<td>Aug</td>
<td>COUNCIL Corp. Facilities</td>
</tr>
<tr>
<td>Sep</td>
<td>Wellness Benchmarking and certification -Ravi Bajaj, <a href="mailto:rbajaj@healthybuildings.com">rbajaj@healthybuildings.com</a></td>
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<tr>
<td>Oct</td>
<td>COUNCIL - Healthcare Institute</td>
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<tr>
<td>Nov</td>
<td>IoT, Analytics, Big Data, IFMA Portal</td>
</tr>
<tr>
<td>Dec</td>
<td>COUNCIL - Information Technology</td>
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<tr>
<td></td>
<td>64 registrants + Downloads</td>
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<tr>
<td></td>
<td>Barbara Luna, John McGee, Rob Mason</td>
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<td>Jurisdiction (2014)</td>
<td>Chicago</td>
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<tr>
<td>Total # of Properties</td>
<td>243</td>
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<tr>
<td>Properties with No Score*</td>
<td>43</td>
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<tr>
<td>Properties 68 and Below</td>
<td>67</td>
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<tr>
<td>Properties 69 to 74</td>
<td>31</td>
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<tr>
<td>Properties 75 and Above</td>
<td>102</td>
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</table>

*Not applicable, not reported under the law, or building score associated with another property report (e.g. campus)
Upcoming SAG Liaison Calls

• Tuesday, June 27th @ 12 PM CST
Thank you for joining us today.

Questions? Comments?  
Want to get more involved? Email us at 
**sustainability@ifma.org** or visit esus.ifma.org.

Contact: Jaclyn Lee  
**Jaclyn.lee@ifma.org**