

EXTERNAL MEMORANDUM

To: MEPT and SEPAC Asset Managers and Analysts
From: Dina Bell and Christian Gunter
Date: 12/8/08 1:20:12 PM
Regarding: ENERGY STAR: Asset Management Responsibilities and Processes
CC: Preston Sargent and Bob Ratliffe

As a follow-up to a memo delivered in April 2008, the following document provides an expanded and updated list of ongoing Asset Manager responsibilities as they relate to the ENERGY STAR benchmarking process. The following information provides additional directives for standardizing the information presented in "EPA/ENERGY STAR Portfolio Manager," the on-line ENERGY STAR benchmarking tool, for each building. New information included in the memo is highlighted in **bold** for your reference.

General Duties:

- Asset Managers should continually work with their respective property management teams to improve building energy efficiency by implementing cost-effective solutions and best practices.
- Asset Managers should review the benchmarking information entered by property managers into MRI (i.e. ENERGY STAR score, expanded designation information and related comments) **PRIOR to the monthly benchmarking deadline** which falls on the last day of the following month. **This new monthly deadline is effective September 30, 2008; the final due date for all updates through August 31, 2008. Please instruct Property Managers of the new monthly reporting requirements which are effective September 30, 2008.**
- **On a monthly basis, Asset Managers should analyze their respective portfolios, proposing the addition/removal of buildings for benchmarking based on program criteria previously distributed. It is the responsibility of the Asset Manager to contact the ENERGY STAR Committee (Christian, Dina, Norman, Andy) with any proposed changes (additions/removals) to the benchmarking portfolio.**
 - Asset managers should use the newly created ENERGY STAR report within LINK at Reporting/Asset Reports/Building Listing (ENERGY STAR) to help facilitate this process (Exhibit A).
- Asset Managers should highlight best practices at their buildings by communicating success stories to the ENERGY STAR Committee as well as to their Directors.
- Asset Managers should track building level efforts to improve energy efficiency.
 - Property Managers should create a tracking list of all energy efficiency projects noting implementation date, expected cost, energy savings, and estimated payback.
- Currently, the ENERGY STAR/LEED designation tracking sheet (R:\RPI\Energy Star\Energy Star Benchmarking\EStar Designations\EStar and LEED Designation Tracking.xls) is used to maintain an updated list of all buildings holding Energy Star and LEED designations, or that are in the process of obtaining same. **The ENERGY STAR information will be incorporated into the aforementioned MRI and LINK ENERGY STAR reports which will be updated on a monthly basis by Property Managers for Asset Manager review and approval.** However, LEED related project information will continue to need to be updated within this same spreadsheet at this time.
- Asset Managers should pursue ENERGY STAR designations for benchmarked buildings as well as annual recertification, score permitting. Please note all buildings with ENERGY STAR scores of ≥ 75 , but that have not yet received the designation as "in-process."

EPA/ENERGY STAR Portfolio Manager (“Portfolio Manager”) Access:

- All Asset Managers and Analysts are required to set up a user name and password for access to Portfolio Manager, regardless of whether or not you are currently responsible for buildings that are being benchmarked. The deadline to complete the registration and setup is September 30, 2008.
- Instructions to set up access to Portfolio Manager, as discussed in the ENERGY STAR sponsored Webinar August 6th, are attached in Exhibit B.

Communicating ENERGY STAR Successes:

- Asset Managers should work with Property Managers to promote ENERGY STAR and communicate improvements in energy efficiency at the portfolio and individual building level.
 - Once an ENERGY STAR designation is received (or-renewed), a press release (**Exhibit C**) should be created to highlight the energy efficiency achievements at the asset. The press release should be reviewed and approved by the Asset Manager prior to distribution.
 - **Additionally, each Asset Manager should work with his/her respective Property Manager to create an ENERGY STAR Building Profile after receiving the designation as highlighted on www.energystar.gov. The Building Profile is an important marketing tool to promote the asset and its respective energy-related achievements on the ENERGY STAR website.**
 - A sample Building Profile is attached as Exhibit D.
 - Asset and Property Managers should also review the *Ideas for Promoting ENERGY STAR* manual (Exhibit E) and technical assistance program ideas created by Ahbra Williams (Exhibit F), to help promote ENERGY STAR and energy saving activities at the property level.

Owner/Contact Information:

As the number of ENERGY STAR designated buildings has grown, so has the variety of listed ownership entities for MEPT within ENERGY STAR. Please have your Property Managers make the following changes within EPA/ENERGY STAR Portfolio Manager to maintain consistency:

- For MEPT, ensure that the building’s owner is displayed as **MEPT/Kennedy Associates**.
- For SEPAC buildings, Bob Ratliffe will contact each client to determine the appropriate owner’s designation for each, which will be communicated to each SEPAC Asset Manager.
- For all benchmarked buildings, please include Kennedy’s contact information as the owner’s contact, noting either Mike McCormick or Jeanette Flory by MEPT region and Scott Matthews for each SEPAC building.
- Updated contact information for the respective Property Manager should also be entered into Portfolio Manager in the field provided.
- When a building qualifies for the ENERGY STAR label or is re-certified, please make sure that correct building information, ownership entity and contact information for Kennedy and the Property Manager are noted in the required Statement of Energy Performance (SEP) form.
 - The SEP is approved by the Professional Engineer and becomes the basis for information displayed in the ENERGY STAR website for labeled buildings.
 - For existing, incorrectly noted ENERGY STAR labeled buildings, Kennedy will work directly with ENERGY STAR to update the currently noted owner, property manager etc.

Updated Requirements

Benchmarking Water Usage:

- In addition to tracking electricity related usage through the ENERGY STAR benchmarking process, Kennedy also has the ability to track water usage data through Portfolio Manager. Asset Managers should instruct Property Managers to begin inputting all required water meter data (noted as inside and outside) where possible *on a monthly basis* as part of the

regular benchmarking update within Portfolio Manager. This change affects all benchmarked buildings and is *effective as of September 30, 2008*. Tracking water use to reduce potable water consumption is a key tenet of Kennedy's Responsible Property Investing initiative.

Set an ENERGY STAR Baseline Period:

- ENERGY STAR's Portfolio Manager also provides the ability to set a Baseline Period for each benchmarked building which allows Kennedy to compare the performance of the Baseline year to the current performance of the building. This allows Kennedy to more effectively quantify the results of the benchmarked portfolio over specific periods, and significantly enhances Kennedy's reporting capability to its clients.
- A Baseline Period must be a 12-month period for which your building receives an energy performance rating. Asset Managers should work with Property Managers to define the Baseline as the earliest *stabilized* 12 month period for which each benchmarked building has a rating, but no earlier than 2000. Please have the required information set and incorporated within Portfolio Manager *effective September 30, 2008*.

Set an ENERGY STAR Target Score:

- Asset Managers should also work with Property Managers to set annual energy reduction goals and Target Scores that are reasonably obtainable. Annual goals in energy reduction are meant to be in the form of a percentage change and should be realistically set based on each building's past energy performance and projected energy efficiency initiatives (operating expenses or capital) for the remainder of 2008 and budgeted for 2009 in concert with the Annual Business Plan process. The Target Score should be entered within Portfolio Manager for each building to facilitate progress tracking and continuous discussion with the Property Manager.
- Target Score guidelines are as follows. Buildings with 3Q08 ENERGY STAR scores of:
 - 65-74 should increase to a score of ≥ 75 to obtain an ENERGY STAR designation.
 - 45-64 should try to increase the building's score by 5%+
 - 30-44 should try to increase the building's score by 10%+
 - 0-29 should try to increase the building's score by 15%+

Cumulative Investment in Facility Upgrades

- ENERGY STAR's Portfolio Manager also provides the ability to enter and track data related to the total investment made in projects intended to improve energy efficiency within each benchmarked building. Tracking this data within Portfolio Manager allows Kennedy to determine capital expenditures and other costs incurred to improve energy performance on a portfolio level
- Each Asset Manager should instruct their respective Property Managers to begin inputting all costs spent on energy efficiency projects to date, as well as continue updating this data *on a monthly basis* as part of the regular benchmarking update within Portfolio Manager for all benchmarked buildings. This change is *effective as of September 30, 2008*.

Exhibit A: ENERGY STAR Link Report

Building Listing with Energy Star Report

As of July 31, 2008

Bldg #	Building Name	Type	City	State	Year Built	NRA	Prorated Value*	Energy Star Rating	Rating Qtr	
0041	Buffalo Grove Office	Office	Buffalo Grove	IL	1983	69,280	\$9,600,000	79	2 2008	
<p>Energy Star Notes: Energy Star usage was updated for April & May 2008 on the Energy Star website (EPA) on 7/30/2008. 2nd Quarter rating increase by 1 point from 78 to 79 rating. The properties current Energy Star rating was certified on November 5th, 2007. This building will be eligible to reapply in October 2008. Upon availability of June 2008 data, Energy Star & MEPT will be updated.</p> <p>Hamilton Partners will continue to monitor and maintain the building systems as efficiently as possible for tenant comfort. In April, of 2007 new RTU units were installed on the building, which we believed contributed reaching the Energy Star rating. In March 2008, the common areas lighting fixtures were replaced with T-8 lighting. It is expected the 2nd quarter of 2008 will reflect a higher rating. Other actions taken to run the building more efficiently are: lights are kept off in all vacant suites; Atrium lighting is left off during the daylight hours, when sunlight is sufficient for the area; timers are used for parking lot lights and atrium lighting. Building operations times are 6am to 6pm, and the building HVAC is not run on Saturdays after 1pm.</p>										
0251	Arboretum Lakes Office Park	Office	Lisle	IL	1986	136,069	\$17,391,389	90	2 2008	
<p>Energy Star Notes: Energy consultant has certified the statement of performance and the application for Energy Star was submitted to the EPA for approval. Designation was awarded and the Energy Star plaques have been placed on the property. The current rating for 2008 Q-2 is "90%".</p> <p>Further Energy Initiatives for the 2nd quarter include the following; 1) engineering staff had outside service perform infrared/thermal scan of the building envelope to detect any air leakage requiring caulking repairs, the caulking work was completed in May. 2) Energy star plaques have been installed. 3) Engineering staff is optimizing start up times relating to current weather conditions to maximize efficiency.</p> <p>These figures are only for April and May 2008. June data will be input upon receipt from Com-Ed.</p>										
0252	Arboretum Lakes Office Park	Office	Lisle	IL	1986	152,634	\$19,508,611	91	2 2008	
<p>Energy Star Notes: The Energy Consultant has certified the statement of performance and the building has been renewed for the second quarter of 2008. The Energy Star plaques have been installed on the property. The current rating for 2008 Q-2 is "91%".</p> <p>Further Energy Initiatives for the 2nd quarter include the following; 1) engineering staff had outside service perform infrared/thermal scan of the building envelope to detect any air leakage requiring caulking repairs, the work was completed in May 2008. 2) Energy star plaques have been installed. 3) Engineering staff is optimizing start up times relating to current weather conditions to maximize efficiency.</p> <p>These figures are only for April and May 2008. June data will be input upon receipt from Com-Ed.</p>										
1321	CABRILLO TECHNOLOGY CENTER	Office	San Diego	CA	1962	148,542	\$41,539,957	8	2 2008	
<p>Energy Star Notes: Raytheon leases entire building and has several labs that run 24/7.</p>										
1322	CABRILLO TECHNOLOGY CENTER	Office	San Diego	CA	1999	92,150	\$25,769,863	27	2 2008	
<p>Energy Star Notes: Raytheon leases entire building. There is a large tenant cafeteria plus lab spaces in the building.</p>										
1323	CABRILLO TECHNOLOGY CENTER	Office	San Diego	CA	1999	45,021	\$12,590,179	60	2 2008	
<p>Energy Star Notes: Building is fully occupied. CCSE will be installing a photovoltaic system on the roof top by year end.</p>										
Grand Total							643,696	\$126,400,000		

*Prorated Value is a calculation based on the PSF Market Value of the entire asset, multiplied by the square footage of the building.

Exhibit B

Establish Your Personal EPA/ENERGY STAR Portfolio Manager Account

- 1.) Go to <http://www.energystar.gov/benchmark>
- 2.) In the box on right side of the screen that says "Portfolio Manager Login," click the link labeled "New User? [Register](#)."
- 3.) Fill out the form, including all fields marked as "required."
- 4.) Ignore the section marked "(Optional) Master Account Feature." **Do not** check the box marked "Display my user and organization name to Portfolio Manager users who wish to share facilities with my account."
- 5.) Click "Save Profile" at the bottom of the page.
- 6.) If your choices for username and password are accepted, then your account has been established and you will receive an e-mail confirmation. If the username and/or password are already in use, you will be asked to choose a different one before proceeding. *Please write down your login information and be sure to keep it handy!*
- 7.) Once your account is established, email your username to Norman Hawkins for Office buildings and Andy Sanborn for Industrial buildings. You will receive an email from the Kennedy Associates ENERGY STAR Team once buildings have been shared in your account and instructions for creating and managing views.
- 8.) You can access Portfolio Manager by going to <http://www.energystar.gov/benchmark>, entering your username and password in the box and clicking on the button marked "Login" in the "Portfolio Manager" box.

Managing Views

The My Portfolio page uses views to display summarized data. A view is a set of columns that display various data in a table. Portfolio Manager provides the ability for a user to create their own view by selecting the columns (up to seven) to display on the My Portfolio page. It also enables the user to select the number of facilities that can display on the My Portfolio page (e.g., 25, 50). There are over 70 different data columns that can be selected. Portfolio Manager includes eight standard views of your facility data:

- **ENERGY STAR Recognition** - displays the progress or status of submitted ENERGY STAR applications and/or Building Profiles.

NOTE: not available in the Facility Performance table on the Facility Summary page.

- **Performance: Environmental** - displays the amounts of CO2 gases reduced along with baseline and actual energy intensities.
- **Performance: Targets** - displays current and target site energy intensities, annual energy cost, and target rating.

NOTE: not available in the Facility Performance table on the Facility Summary page.

- **Performance: Financial** - displays totals of investments and costs in aggregate and per square foot.
- **Performance: Rating/Improvement** - displays baseline and current periods, baseline and current annual energy intensity, and baseline and current ratings.

NOTE: not available in the Facility Performance table on the Facility Summary page.

- **Performance: Water Use** - displays the water use for indoor, indoor and outdoor and wastewater. Also displays total indoor and outdoor water use cost.
- **Summary: Energy Use** - displays total energy used and saved in aggregate and per square foot (or square meter).
- **Summary: Facilities** - the default view that displays each facility's adjusted percent energy reduction, rating, eligibility for the ENERGY STAR designation, and Period Ending Date.

NOTE: not available in the Facility Performance table on the Facility Summary page.

Any view can be set as the default view. The default view will display automatically after logging into Portfolio Manager.

Create a View

Follow the steps below to create a custom view:

1. From the My Portfolio page or the Facility Summary page, select the Create View link. The Create New View page will open.
2. Enter a name for the view.
3. If this view is to be the default view displayed on the My Portfolio page, select the box labeled Set this View as My Portfolio Default. A check will appear in the box.
4. Select each column to be included in the view by selecting an order number from the Preferred Column Order drop-down menu to the left of the facility data name. The number that is selected will represent the column order (left to right) on the My Portfolio page.

NOTE: Columns are marked as "n/a for campuses" if the column data is not relevant for a campus; if selected, 'N/A' will display as column data in a view.

NOTE: Up to seven different facility data elements can be selected. No two can have the same order number. To de-select, set the order number to "blank" in the drop-down menu.

The Kennedy ENERGY STAR Committee requests you create two views selecting the following data fields:

- Baseline Rating
 - Current Rating
 - Current Energy Period Ending Date
 - Annual Energy Cost
 - Total Energy Cost per SF
 - Cumulative Investment in Facility Upgrades
 - Adjusted Energy Reduction
 - Eligibility for the ENERGY STAR
 - ENERGY STAR Application Status
 - Energy Use Alerts
 - Space Use Alerts
 - Building Profile Status
 - CO2 Reduced
5. Select the **Save** button. You will be returned to the My Portfolio page.

Edit a View

Follow the steps below to edit a custom view:

NOTE: Only views created by a user can be edited.

1. From the My Portfolio page or the Facility Summary page, in the View box select the view to be edited. The page will update to show data for the selected view.
2. Select the Edit View. The Edit View page will open.
3. Select each column to be included in the view by selecting an order number from the Preferred Column Order drop-down menu to the left of the facility data name. The number that is selected will represent the column order (left to right) on the My Portfolio page.
4. NOTE: Up to seven different facility data elements can be selected. No two can have the same order number. To de-select, set the order number to "blank" in the drop-down menu.
5. Use the Set this view as My Portfolio Default to update the view's status as the My Portfolio page default view (if the box is checked, the view is the default view. If the box is not checked, the view is not the default view).
6. To change the name of the view, type a new name in the View Name text box.
7. Select the **Save** button. You will be returned to the My Portfolio page.

Delete a View

Follow the steps below to delete a custom view:

NOTE: Only views created by a user can be deleted.

1. From the My Portfolio page or the Facility Summary page, in the View box select the view to be edited. The page will update to show data for the selected view.
2. Select the Edit View. The Edit View page will open.
3. Select the Delete View button to the right of the view name. The Delete View confirmation page will open.
4. Select the Delete button. You will be returned to the My Portfolio page.

Exhibit C

SAMPLE PRESS RELEASE

**[ORGANIZATION OR NAME OF BUILDING]
Earns the ENERGY STAR for Superior Energy Efficiency**

(Date, City, State) [NAME OF BUILDING/FACILITY], owned/managed by [ORGANIZATION], has earned the U.S. Environmental Protection Agency's (EPA's) prestigious ENERGY STAR, the national symbol for superior energy efficiency and environmental protection. Commercial buildings and industrial plants that rate in the top 25 percent of facilities in the nation for energy efficiency may qualify for the ENERGY STAR.

INSERT QUOTE FROM ORGANIZATION OFFICIAL (SAMPLE QUOTE BELOW)

"[ORGANIZATION] is pleased to accept EPA's ENERGY STAR in recognition of our energy efficiency efforts," said [Organizational Representative Name, Title]. "Through this achievement, we have demonstrated our commitment to environmental stewardship while also lowering our energy costs."

Commercial buildings that earn the ENERGY STAR use an average of 40 percent less energy than typical buildings and also release 35 percent less carbon dioxide into the atmosphere. [ORGANIZATION] improved our energy performance by managing energy strategically across our entire organization and by making cost-effective improvements to our building(s). [ORGANIZATION] has saved [INSERT DOLLARS OR PERCENT] in annual energy bills and prevented greenhouse gas emissions equal to the electricity use from [XXXXXX] households for a year*.

"Whether you are running a grocery store, a school, or an office building, getting the most out of your energy dollars – while reducing your carbon footprint – just makes sense," said EPA Administrator Stephen L. Johnson.

To earn the ENERGY STAR, [ORGANIZATION] took the following actions:

- INSERT GENERAL INFORMATION AND/OR INTERESTING DETAILS ABOUT TECHNOLOGIES USED, ENERGY MANAGEMENT PROGRAM, EMPLOYEE AWARENESS, ETC.

EPA's national energy performance rating system provides a 1-100 scale that helps organizations assess how efficiently their buildings use energy relative to similar buildings nationwide. A building that scores a rating of 75 or higher is eligible for the ENERGY STAR. Commercial Buildings that can earn the ENERGY STAR include offices, bank branches, financial centers, retailers, courthouses, hospitals, hotels, K-12 schools, medical offices, supermarkets, dormitories, and warehouses.

ENERGY STAR was introduced by EPA in 1992 as a voluntary, market-based partnership to reduce greenhouse gas emissions through energy efficiency. Today, the ENERGY STAR label can be found on more than 50 different kinds of products, new homes and commercial and industrial buildings. Products and buildings that have earned the ENERGY STAR designation prevent greenhouse gas emissions by meeting strict energy-efficiency specifications set by the government. In 2006, Americans, with the help of ENERGY STAR, saved about \$16 billion on their energy bills while reducing the greenhouse gas emissions equivalent to those of 27 million vehicles.

For more information about ENERGY STAR visit www.energystar.gov.

For more information about [NAME] visit [INSERT URL].

To calculate greenhouse gas emissions, please visit <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

Exhibit D

ENERGY STAR Labeled Building Profile:



Alexander Park I – 600 Alexander Park was built in 1999 and consists of 141,176 square feet of beautiful Class A office space situated within a well known Princeton, New Jersey office park. Amenities of this building include an on-site cafeteria with waterfront patio dining, scenic landscaping, and a 24 hour card access system. The building is also within walking distance to the Princeton Junction train station and local municipal bus service.

Recognizing the potential to improve Alexander Park I's energy and financial performance, Kennedy Associates Real Estate Counsel, LP ("Kennedy") directed CB Richard Ellis to proactively use the EPA's ENERGY STAR program in 2005 for the tools and resources necessary to help achieve superior energy performance. 600 Alexander Park has a current rating of "81" and officially earned the Energy Star designation in December 2007. Receiving the Energy Star designation has been considered a significant accomplishment given the fact that the building is heated using fan powered VAV boxes with electric reheat and cooled using DX cooling coils and air-cooled condensing coils.

Examples of Technologies and Practices at the 600 Alexander Park Building:

- Solar cool gray tempered insulated glass windows
- The use of 480 volt 3-Phase fan powered boxes
- Motion sensors for restroom lighting and programmable automatic air fresheners, 2003
- Energy efficient lighting systems and bulbs
- Variable frequency drives for (6) 460 volt, 40 horsepower with a max RPM of 1760 supply fans
- Variable frequency drives for (6) 460 volt, 15 horsepower with a max RPM of 1760 return air fans
- Retrofit with Touch Free restrooms, everything from automatic flushers, faucets and soap dispensers in February, 2008

Kennedy continues to request that the CB Richard Ellis (CBRE) management and maintenance teams, take proactive steps, utilizing best practices to maximize energy efficiency including:

- Periodic review and constant tracking of energy use patterns to determine and correct energy inefficiencies
- Daily engineering staff walkthroughs of vacant spaces to ensure only emergency lighting is illuminated and HVAC is appropriately programmed for vacancy
- Examination of the EMS settings in order to ensure the building automation reflects actual needs of the tenants. Through this process, it was discovered that the building's HVAC systems were being turned on for five hours each Saturday based on lease requirements, even though the majority of the tenants were not in the building over the weekend. A simple re-programming of the system and a note to the tenants making Saturdays "By Request Only" eliminated the unneeded energy consumption resulting in an immediate energy reduction
- Change start up times of HVAC units based on fifteen minute increments to stagger demand and cut back on peak usage of electricity

- Installation of a timer on the domestic hot water heater to be able to shut it down twelve hours per day or from 6pm – 6am Monday through Sunday
- A review of common area lighting schedules allowed for the elimination of “on” periods during relatively unoccupied weekend hours
- Time clocks are checked every two weeks to make sure the time is set correctly and that building systems and lighting come on and off at the right time.
- Reach out to employees and tenants in order to spread the word that energy efficiency is good for the bottom line as well as good for the environment.
- Ask for tenant cooperation to help curtail excessive demand on area power grid during high kilowatt draw summer heat waves by shutting off all but necessary lighting.
- Tenants are reminded to turn off all office equipment and computers at night and over the weekend.
- The janitorial staff is instructed to shut off lighting when any space is vacated.
- Tenants are told to “stop playing with the blinds”. Most tenants do not realize how important the window blinds and coverings are to controlling their environment. All tenants are notified to keep their blinds in place (down) and use them throughout the day to help reflect sun/heat.

Other steps Alexander Park is taking to reduce its carbon footprint:

- The building has an active recycling program for tenants to recycle paper, cardboard, glass, plastics, bulbs, batteries, etc. There are recycle bins in each tenant suite for paper, glass and plastics recycling as well as centrally located compact fluorescent and battery recycling containers. Waste Management supplies recycling services to the building. All of the paper and waste removal products are made with recycled materials.
- At Kennedy’s request, the building staff, along with its contract cleaning service, instituted green cleaning chemicals rated by the US Green Building Council for all of its regularly scheduled cleaning tasks.
- There is a bicycle rack at the building to promote cycling to work vs. generation of vehicle emissions.
- The building participates in non-chemical goose control through the use of a Border Collie service.

Exhibit E

Celebrate Your ENERGY STAR Labeled Building:

Promote Your Success with ENERGY STAR

You have been recognized by ENERGY STAR for your hard work and commitment to saving energy—now celebrate your achievement! In large and small ways, share recognition of your accomplishment with your colleagues, employees and the community:

- Display the ENERGY STAR in a prominent place at your facility site—the entranceway or the main reception area are *much* better choices than the storage room or basement!
- Issue a press release (previously noted) announcing that you have earned the prestigious ENERGY STAR and distribute it to local media (see www.energystar.gov/labeledbuildings for a sample).
- Hold an organization-wide employee meeting and present the ENERGY STAR plaque to an official of your organization. Take photos for the company newsletter, and also send a photo with caption to the local newspaper.
- Distribute certificates of recognition/appreciation/participation to organizations or individuals who contributed time and effort to earning the ENERGY STAR.
- Reserve a special parking space for your energy manager for a month in recognition of his/her achievement and publicize this among your employees.
- Make plans to announce that your facility has earned the ENERGY STAR at a scheduled meeting where press typically will be in attendance if applicable.
- Write a letter celebrating your achievement to your town councilman, Chamber of Commerce, Board of Education, congressperson or senator, or other official representatives for your organization. Encourage them to challenge other organizations like yours to earn the ENERGY STAR.
- Invite local government officials, regional EPA officials, and members of the press to tour your ENERGY STAR facility along with your top company or organization officials. Present a certificate of achievement to company officials.

Host an ENERGY STAR Event

One of the best ways to share your energy efficiency achievements is to host a recognition event with your employees and community. Recognition events may include a special employee luncheon, an energy fair, or any other type of event that brings people together to learn about energy efficiency and ENERGY STAR. Use the steps below to create your event or modify the outline to suit your organization's needs.

- Select a date and time for the event that is convenient for employees, the media, and other guests you may wish to invite.
- Contact your local elected officials and regional EPA office to schedule their attendance. It's especially important to include those who have helped support your organization's efforts to earn the ENERGY STAR, and recognizable public figures will help bring media attention to the event.
- Develop an agenda with a timeframe of 15-30 minutes for the award presentation and speakers. You may have one or more speakers. For example:

- 10:45 a.m. – Invited guests, speakers, attendees arrive
- 11:00 a.m. – Welcome, opening remarks by organization representative or event coordinator
- 11:05 a.m. – First speaker – Local elected official
- 11:10 a.m. – Second speaker – Local leader/champion of the environment
- 11:15 a.m. – Third speaker – EPA representative or other official
- 11:20 a.m. – Presentation of ENERGY STAR to organization by EPA or other official
- 11:25 a.m. – Acceptance of the ENERGY STAR and remarks by organization leader or energy manager
- 11:30 a.m. – Event concludes

You may wish to assign one person to coordinate the event and speakers, designate a communications contact to work with members of the media before and during the event, and schedule a photographer or videographer to record the event. A small reception may be nice. Share your photos, articles, and materials with ENERGY STAR and your event may be posted on www.energystar.gov as an example for other organizations.

You can customize ENERGY STAR sample communications materials or develop your own to support the event. Possible materials include:

- A press release or a press kit including the press release, information about your facility and organization, and facts about ENERGY STAR labeled facilities.
- Posters and/or banners to draw attention to the podium or stage.
- Your ENERGY STAR facility profile—how you succeeded in making your facility a top energy performer nationwide. Make sure to provide copies to attendees and to the media.

The day after the event, deliver event photos with written captions to editors at local newspapers and business publications that were not represented at your event.

For additional guidance on how to coordinate your ENERGY STAR label event or media outreach, contact Maura Beard, Strategic Communications Director, ENERGY STAR Commercial Buildings and Industrial Facilities, 202.343.9991, beard.maura@epa.gov

Exhibit F

ENERGY STAR Technical Assistance Materials:

The following ENERGY STAR promotional materials are available on the Kennedy R drive under RPI/Energy Star/Energy Star Tech Assistance. Key materials include:

1. **ENERGY STAR Video:** ENERGY STAR recommends proving showing this video to employees, tenants and even clients
2. **ENERGY STAR Challenge Brochure:** Provides information for property management teams on ways to promote Energy Star
3. **Sample ENERGY STAR Promotional Language:** Stock paragraphs for use in promoting ENERGY STAR on websites, letters, etc.
4. **ENERGY STAR Training Presentation:** Self-guided presentation intended for property managers working to improve energy performance ratings for commercial office buildings
5. **ENERGY STAR Informational Card:** Information about successes of Energy Star buildings
6. **Commercial Real Estate Pamphlet:** Overview of ENERGY STAR/commercial real estate
7. **2008 ENERGY STAR Commercial Office and Industrial Update:** Provides updated information on use of ENERGY STAR with these product types and associated news
8. **ENERGY STAR Fast Facts:** Data for use in PowerPoint presentations
9. **ENERGY STAR Brand Book:** Information on how to use the ENERGY STAR logo in promotional materials

Property Management Agreement Language

4.33 Manager shall diligently pursue Owner's goals pertaining to Responsible Property Investing (RPI) at the Property. RPI is an approach to real estate investment and management that considers the broader social and environmental ramifications of developing and owning properties. In addition to duties specified in Section 4, Manager shall improve the Property's energy efficiency through the use of energy management tools such as ENERGY STAR benchmarking, utilize operations and maintenance best practices, conduct ongoing strategic evaluations of possible lighting retrofit and other systems upgrades, and provide tenant energy conservation education and outreach. To improve water conservation, Manager shall evaluate the use of low-flow fixtures and irrigation systems and native landscaping where feasible in common area and Tenant Improvement projects and changes to existing landscaping.

4.34 Owner expects Manager to understand the relative Leadership in Energy and Environmental Design (LEED) Standard(s) and actively participate in all tasks required to achieve possible LEED Existing Building (EB) Property or similar certification, as well as engage in ongoing education pertaining to sustainable property operations, including completing BOMA Energy Efficiency Program (BEEP). When requested by Owner, Manager shall provide detailed updates as specified by Owner on Property related RPI initiatives and activities.

4.35 Manager shall improve waste management at the Property by ensuring the Property has both an ongoing recycling program and a program or policy to divert demolition waste from local landfill or incineration disposal created by construction, demolition or renovation activities at the Property. To sustain the comfort and well-being of construction workers and building occupants, Manager will use a construction Indoor Air Quality (IAQ) management plan as described by accepted professional standards such as the Sheet Metal and Air Conditioning National Contractors Association (SMACNA) IAQ Guideline for Occupied Building Under Construction (1995) for the construction and occupancy phases of the Property.

4.36 Manager shall be responsible for ensuring the purchase and use of sustainable cleaning products and materials that meet applicable environmental standards set by Green Seal and implementation of green cleaning practices through the negotiation of applicable activities described within 4.16-4.17. Manager shall specify, where possible, the use of building materials such as paints and coating, carpets, adhesives and sealants with Low Volatile Organic Compound (VOC) content that meet or exceed professionally accepted Indoor Air Quality standards required by LEED such as Green Seal and CRI Green Label.

Institutional Advisors Since 1978

AGENDA

EAST/WEST CONFERENCE CALL

Monday, November 24, 2008
8:15 am (PST), 11:15 am (EST)
Host: Kevin Elam

- | | |
|--|--------------------------------|
| 1. MetLife Loan | Mike McCormick
Adam Schwank |
| 2. LEED EBOM, Energy Star and MRI Update | Christian Gunter
Dina Bell |
| 3. Letters of Credit and Debt Information:
Migration to MRI | Mark Reinikka |
| 4. Greenbuild Conference | Jim Landau
Christian Gunter |

Upcoming Deadlines:

AM Review Financial Summary Page/Group II ABP	Tuesday, November 25
IOIs Due to Directors	Wednesday, November 26
IOIs (Final) Due to Angela	Wednesday, December 3
Group II ABP Due to Directors	Thursday, December 4
Portfolio Review	Friday, December 5
SepAc Quarterly Asset Review	Saturday, December 6
(Process begins November 25, ends December 6)	
Final ABP w/ AM & Director edits due to Melissa	Thursday, December 11
SepAc Asset Managers/Analysts Training	Friday, December 19
Next Combined MEPT/SepAc East/West Call	Monday, December 22

Upcoming Events:

Kennedy Seattle Holiday Party	Friday, December 5
Kennedy Bethesda Holiday Party	Thursday, December 11

Projected Closing Dates for Sales:

Buffalo Grove Portfolio	Monday, December 15
Plaza Port West	Friday, December 19

Looking Ahead:

Monday, December 1	8:15 am PST	Jim Landau
Monday, December 8	8:15 am PST	Peter Potrykus
Monday, December 15	8:15 am PST	Sean Reilly
Monday, December 22	8:15 am PST	Scott Matthews
Monday, December 29	8:15 am PST	Jim Crew

Toll-Free Dial-In Number: (866) 228-9900
Host Code (Seattle): 8493806 Participant Code: 849380

Kennedy | Environmental Impact

Environmental
Impact



Social
Implications

Internally

- Corporate HQ pursuing LEED Gold
- 17% of Team is LEED accredited
- 60% staff in Commute Challenge
- 85% employees planted 1,600 trees

Externally

- \$2.5 B+ LEED projects
- Large EPA / Energy Star portfolio
- USGBC / EB pilot program

I N T E R N A L M E M O R A N D U M

To: MEPT Asset Managers and Analysts
From: Christian Gunter
Date: 9/5/08
Regarding: MEPT RPI/LEED EB-OM 2009 Budget Considerations
CC: Preston Sargent, Bob Ratliffe, Bob Kovacs, Mike McCormick and Jeanette Flory

RPI Budget Considerations: Replication of high performance O&M “best practices” and low-and-no cost solutions to reduce energy and water consumption should be planned in 2009. Additionally:

- Select capital expenditures, given ROI and payback considerations, should be considered to improve energy and water efficiency and indoor environmental quality. Examples include:
 - Lighting retrofits, VAV and VFD installation, restroom fixture upgrades, drip irrigation system installation, chiller replacement, sub-metering, commissioning, temperature controls, etc.
- 2009 Budgets for ENERGY STAR certified assets should include an allocation for re-certification, or certification for currently unlabeled assets which expect to achieve an **ENERGY STAR** score of ≥ 75 at an expected cost of \$750-\$1200 depending on the market.
- Sustainable materials should be included in tenant improvement build-out where possible.

LEED for Existing Building (EB) – Operations and Maintenance (OM) Budget Considerations:

At this time, LEED EB-OM Portfolio Pilot 2009 expenses remain estimates, which will be refined over the later part of 2008 and into 2009. Known program expenses include building registration and certification fees noted below. The USGBC has asked Pilot participants to submit these fees as a portfolio, rather than by building.

- Discounted building registration of \$200 per building was budgeted in 2008 and will be expensed at the fund level. Kennedy LEED EB-OM buildings were registered with the USGBC in early August.
- Discounted certification fee of \$.015 psf for the portfolio paid by MEPT in mid-to-late 2009.

At this time, Kennedy is also planning to expense portfolio LEED EB-OM consultant costs required for LEED certification at the fund level. While there will be building-specific consulting work performed, the majority of work will be for MEPT as a whole and will not pertain to identifiable projects.

Building/Asset Specific LEED EB-OM Budget Considerations:

- ASHRAE Level I Energy Audits and ASHRAE 62.1-2007 functional airflow testing (Exhibits A & B): Kennedy has obtained estimated budget portfolio pricing for these LEED required engineering services of \$.04 - \$.06 psf per building given systems complexity. This non-capital expense should be considered recoverable if possible.
- Capital expenditures (i.e., retrofits) should be budgeted for assets whose fixtures and fittings do not meet Water Efficiency Prerequisite 1 and the 2006 Uniform Plumbing Codes (UPC) or 2006 International Plumbing Codes (IPC) fixture and fitting performance requirements (Exhibit C).
- Energy and Atmosphere Prerequisite 3 prohibits the use of CFC-based refrigerants in building base HVAC&R systems. Buildings with CFC-based refrigerants must either convert/replace their systems, or demonstrate through a certified Property Engineer audit, that system replacement/conversion is not economically feasible via a simple payback analysis. This payback analysis should be completed for buildings using CFC-based refrigerants as noted in the 2008 Kennedy LEED EB survey: 303 Second, 3500 E. Lacey and Corporate Pointe at West Hills.



P R E S S R E L E A S E

CB Richard Ellis, Inc.
8235 Forsyth Blvd., Suite 1000
St. Louis, MO 63105
T 314 655 6000
F 314 655 6100
www.cbre.com/stlouis

FOR IMMEDIATE RELEASE — October 30, 2008

For further information:

Matt Harrington

CB Richard Ellis

314 655.5920

matt.harrington@cbre.com

Rey Umali

CB Richard Ellis

314 655.5922

rey.umali@cbre.com

Dan Koontz

CB Richard Ellis

314 655.5924

dan.koontz@cbre.com

Shaw Park Plaza

Achieves Energy Star Certification from EPA

ST. LOUIS, November 6, 2008 – Shaw Park Plaza, the 274,272-square-foot Class A office building located at 1 North Brentwood Blvd. in downtown Clayton, has been awarded the prestigious Energy Star certification from the United States Environmental Protection Agency.

The Energy Star designates Shaw Park Plaza as one of the most energy-efficient buildings in the nation. The 14-story building, which is more than 98 percent occupied, will be listed on the Energy Star Web site (<http://www.energystar.gov/buildinglist>). It joins The Plaza in Clayton as the only Clayton-area office properties that have achieved the Energy Star designation. Only four office buildings in the St. Louis area are designated as Energy Star buildings, according to the EPA.

Commercial buildings that earn the Energy Star use an average of 40 percent less energy than typical buildings, and also release 35 percent less carbon dioxide into the atmosphere. Commercial buildings and industrial plants that rate in the top 25 percent of facilities in the nation for energy efficiency are eligible for Energy Star designation.

“Whether you are running a grocery store, a school, or an office building, getting the most out of your energy dollars – while reducing your carbon footprint – just makes sense,” says EPA Administrator Stephen L. Johnson.

Shaw Park Plaza is owned by Multi-Employer Property Trust which is advised by Kennedy Associates. ENERGY STAR is a core component of Kennedy’s commitment to Responsible property Investing.

Energy Star was introduced by the EPA in 1992 as a voluntary, market-based partnership to reduce greenhouse gas emissions through energy efficiency. Today, the Energy Star label can be found on more than 50 different kinds of products, new homes and commercial and industrial buildings.

About CB Richard Ellis

CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2007 revenue). With over 29,000 employees, the Company serves real estate owners, investors and occupiers through more than 300 offices worldwide (excluding affiliate offices). CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis is the only commercial real estate services company named one of the 50 "best in class" companies by BusinessWeek, and was also named one of the 100 fastest growing companies by Fortune. Please visit our Web site at www.cbre.com.

ENERGY STAR LABELED BUILDING PROFILE



Alexander Park I – 600 Alexander Park was built in 1999 and consists of 141,176 square feet of beautiful Class A office space situated within a well known Princeton, New Jersey office park. Amenities of this building include an on-site cafeteria with waterfront patio dining, scenic landscaping, a 24 hour card access system. The building is also within walking distance to the Princeton Junction train station and local municipal bus service.

Recognizing the potential to improve Alexander Park I’s energy and financial performance, Kennedy Associates Real Estate Counsel, LP directed CB Richard Ellis to proactively use the EPA’s ENERGY STAR program in 2005 for the tools and resources necessary to help achieve superior energy performance. 600 Alexander Park has a current rating of “81” and officially earned the Energy Star designation in December 2007. Receiving the Energy Star designation has been considered a significant accomplishment given the fact that the building is heated using fan powered VAV boxes with electric reheat and cooled using DX cooling coils and air-cooled condensing coils.

Examples of Technologies and Practices at the 600 Alexander Park Building:

- Solar cool gray tempered insulated glass windows
- The use of 480 volt 3-Phase fan powered boxes
- Motion sensors for restroom lighting and programmable automatic air fresheners, 2003
- Energy efficient lighting systems and bulbs
- Variable frequency drives for (6) 460 volt, 40 horsepower with a max RPM of 1760 supply fans
- Variable frequency drives for (6) 460 volt, 15 horsepower with a max RPM of 1760 return air fans
- Retrofit with Touch Free restrooms, everything from automatic flushers, faucets and soap dispensers in February, 2008

Kennedy continues to request that the CB Richard Ellis (CBRE) management and maintenance teams, take proactive steps, utilizing best practices to maximize energy efficiency including:

- Periodic review and constant tracking of energy use patterns to determine and correct energy inefficiencies
- Daily engineering staff walkthroughs of vacant spaces to ensure only emergency lighting is illuminated and HVAC is appropriately programmed for vacancy
- Examination of the EMS settings in order to ensure the building automation reflects actual needs of the tenants. Through this process, it was discovered that the building's HVAC systems were being turned on for five hours each Saturday based on lease requirements, even though the majority of the tenants were not in the building over the weekend. A simple re-programming of the system and a note to the tenants making Saturdays "By Request Only" eliminated the unneeded energy consumption resulting in an immediate energy reduction
- Change start up times of HVAC units based on fifteen minute increments to stagger demand and cut back on peak usage of electricity
- Installation of a timer on the domestic hot water heater to be able to shut it down twelve hours per day or from 6pm – 6am Monday through Sunday
- A review of common area lighting schedules allowed for the elimination of "on" periods during relatively unoccupied weekend hours
- Time clocks are checked every two weeks to make sure the time is set correctly and that building systems and lighting come on and off at the right time.
- Reach out to employees and tenants in order to spread the word that energy efficiency is good for the bottom line as well as good for the environment.
- Ask for tenant cooperation to help curtail excessive demand on area power grid during high kilowatt draw summer heat waves by shutting off all but necessary lighting.
- Tenants are reminded to turn off all office equipment and computers at night and over the weekend.
- The janitorial staff is instructed to shut off lighting when any space is vacated.
- Tenants are told to "stop playing with the blinds". Most tenants do not realize how important the window blinds and coverings are to controlling their environment. All tenants are notified to keep their blinds in place (down) and use them throughout the day to help reflect sun/heat.

Other steps Alexander Park is taking to reduce its carbon footprint:

- The building has an active recycling program for tenants to recycle paper, cardboard, glass, plastics, bulbs, batteries, etc. There are recycle bins in each tenant suite for paper, glass and plastics recycling as well as centrally located

compact fluorescent and battery recycling containers. Waste Management supplies recycling services to the building. All of the paper and waste removal products are made with recycled materials.

- At Kennedy's request, the building staff, along with its contract cleaning service, instituted green cleaning chemicals rated by the US Green Building Council for all of its regularly scheduled cleaning tasks.
- There is a bicycle rack at the building to promote cycling to work vs. generation of vehicle emissions.
- The building participates in non-chemical goose control through the use of a Border Collie service.

Exhibit 18

Partner of the Year Comparative Energy Performance Report

Facilities selected: 2009 POY Group Group (139)

Located in:

Date Generated: 12/4/08

Number of facilities in report: 98*

	Year ending 8/2007	Year ending 8/2008	Change
Total Floorspace (sq. ft.)	12,829,337	12,996,896	167,559
Average Rating	64	69	5
Number of Facilities with a Rating	96	95	-1
Number of Facilities not eligible to receive a rating**	2	3	1
Total Site Energy Use (kBtu)	766,241,402	739,490,076	-26,751,326
Total Weather Normalized Source Energy Use (kBtu)	2,336,507,261	2,260,161,867	-76,345,394
Average Weather Normalized Source Energy Intensity (kBtu/Sq. Ft.)	182.1	173.9	-8.2
Average Site Energy Intensity (kBtu/Sq. Ft.)	59.7	56.9	-2.8
Total Site Electric Use (kWh)	197,334,022	189,935,918	-7,398,104
Total Site Natural Gas Use (Therms)	929,377	914,287	-15,090
Average Actual Annual Source Energy Intensity (kBtu/Sq. Ft.)	182.9	173.9	-9

*Only facilities with a full year of energy and attribute data in each of the two comparison years are included in the facility summary.

**Facilities that are not eligible to receive a rating are defined as buildings that currently are ineligible to receive the ENERGY STAR rating due to (1) their operating characteristics; (2) their property type; and/or (3) incomplete energy data for the period being rated.

Exhibit 19

PORTFOLIO MANAGER

Home > My Portfolio

Group Averages

Baseline Rating: 57 Facilities Included: 26	Current Rating: 59 Facilities Included: 26
Change from Baseline: Group Adjusted Percent Energy Use (%) -0.3% Facilities Included: 24	
Averages are weighted by Total Floor Space. More about Baselines More about Change from Baseline: Adjusted Energy Use	

[Add a Property](#)
[Import Facility Data Using Templates](#)

Work with Facilities
[Update Multiple Meters](#)
[Share Facilities](#)
[Request Energy Performance Report](#)

Apply for Recognition
[Apply for the ENERGY STAR ENERGY STAR Leaders](#)

Automated Benchmarking
[Get Started Now](#)

GROUP: 2009 POY - Excluded Properties (39) | Create Group | Edit Group | View All | VIEW: Performance: Rating/Improvement | Create View | Edit View | View All

Download in Excel | Search Facility Name: [] | Search

Results 1 - 39 of 39 | All # A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Facility Name	Baseline Energy Period Ending Date	Current Energy Period Ending Date	Baseline Rating (1-100)	Current Rating (1-100)	Change from Baseline: Adjusted Energy Use (%)
15551 Red Hill	06/30/2007	05/31/2008	29	46	-18.4
1660 International Drive	06/30/2008	10/31/2008	36	38	-1.7
212 CORPORATE CENTER-BLDG A	12/31/2007	10/31/2008	15	14	15.0
3500 Lacey Road	12/31/2007	10/31/2008	76	77	-1.1
500 Park Boulevard	12/31/2007	10/31/2008	83	82	1.9
775 Manville	12/31/2007	10/31/2008	62	88	-37.9
Amar - Bldg A	08/31/2007	06/30/2008	82	84	-3.2
Arena Corporate Center II	09/30/2006	09/30/2008	N/A	92	N/A
Brewery Block 2	09/30/2006	10/31/2008	74	61	18.5
Cabrillo 1322	04/30/2007	08/31/2008	37	38	N/A
Cabrillo 1323	11/30/2007	11/30/2008	97	97	6.1
CentrepoinTE Building 5	09/30/2007	10/31/2008	84	75	10.0
Cerritos Commerce	10/31/2007	09/30/2008	78	82	4.7
Coal Creek I	12/31/2005	09/30/2008	68	41	39.9
Corporate Pointe at West Hills - 8511	10/31/2006	10/31/2008	46	62	-15.5
Forest Park 17	04/30/2008	07/31/2008	39	30	15.1
Forest Park 20	04/30/2007	10/31/2008	50	49	0.7
Highlands B	11/30/2007	10/31/2008	N/A	N/A	N/A
Kansas Commerce Center - Bldg 23	05/31/2007	05/31/2007	54	54	0.0

Portfolio Manager - Building list - Microsoft Internet Explorer

Address: <https://www.energystar.gov/listar/pmpam/index.cfm?fuseaction=portfolio.portfolioView>

Madison Office Building	01/31/2008	10/31/2008	60	63	-3.0
MBP3M0791	12/31/2007	02/29/2008	64	63	6.0
MBP8M1921	07/31/2008	08/31/2008	64	66	-1.9
Mission Trails Bldg 1	N/A	11/30/2008	N/A	N/A	N/A
Mission Trails Bldg 2	07/31/2008	11/30/2008	55	59	-5.4
Mission Trails Bldg 5	N/A	11/30/2008	N/A	N/A	N/A
North by Northwest I	02/28/2007	06/30/2008	10	9	12.2
North by Northwest II	12/31/2006	06/30/2008	55	46	26.4
North by Northwest III	02/28/2007	06/30/2008	73	70	-15.8
North by Northwest IV	01/31/2008	06/30/2008	47	44	12.0
North by Northwest V	12/31/2006	06/30/2008	14	16	-17.2
North by Northwest VII	04/30/2007	06/30/2008	11	8	32.3
Pacific Vista (D)	04/30/2006	09/30/2000	47	95	-45.4
Patriot's Plaza I	10/31/2008	10/31/2008	81	81	0.0
Pinnacle Park 1	05/31/2007	06/30/2008	47	55	-11.8
Southwest Commerce Center IV	05/31/2008	08/31/2008	30	32	-2.3
Stafford/Nelson - Bldg. B	06/30/2007	06/30/2008	100	100	-4.4
Sycamore Vista 1325	05/31/2008	11/30/2008	85	70	30.5
TUALATIN CORPORATE CENTER III-BLDG G	12/31/2007	10/31/2008	73	80	-6.7
West /U I	08/31/2007	05/31/2008	58	57	-12.0

[Download in Excel](#)

Results 1 - 39 of 39

Search Facility Name:

All # [A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

The rating is calculated by using the last day of the latest full calendar month where all meters in the facility have meter entries; the Period Ending date reflects that particular date.

KENNEDY ASSOCIATES

REAL ESTATE COUNSEL, LP

Institutional Advisors Since 1978

1215 Fourth Avenue • 2400 Financial Center • Seattle, WA 98161
Phone: 206.623.4739 • Fax: 206.682.4769

EXTERNAL MEMORANDUM

To: Preston Sargent, Bob Ratliffe, Mike McCormick, Jeanette Flory, Scott Matthews, Pamela Silberman, Mike Ibarra, and Headley Butler

From: Christian Gunter

Date: 8/20/08

Regarding: 2Q'08 MEPT RPI Report

CC: John Parker, Sarah Stettinius

Sustainable Development and Re-Development: Kennedy continues to pursue sustainable development opportunities, seeking LEED Silver certification for all new development and re-development. As of 2Q'08, operating LEED certified MEPT assets represent greater than \$443 million in market value, and MEPT LEED pre-certified assets represent an aggregate "as-stabilized" value of over \$719 million. Other LEED-related information as of 2Q'08 includes:

- 1900 16th Street received LEED CS Gold pre-certification during 2Q'08.
- There are 11 MEPT LEED projects in development or under evaluation with an estimated total project cost/stabilized value of over \$1.2 billion. This figure includes: the Ardea, a 323 unit multi-family project in Portland, OR and Sunset & Gordon, a 301 unit mixed-use multi-family project in Los Angeles, CA. Both projects are expected to receive LEED Gold certification.
- MEPT LEED certified, pre-certified and development projects under consideration represent approximately \$2.4 billion in total estimated value/cost and greater than 6.0 million sf.
- Kennedy plans to engage Be Green Consulting to provide LEED New Construction (NC) Professional Accreditation exam education and training in Seattle and Bethesda, during September and October 2008, respectively. Be Green Consulting provided a successful LEED professional accreditation class for ten Kennedy employees during 1Q'08.

High Performance Property Operations:

ENERGY STAR Benchmarking: There are currently 35 MEPT ENERGY STAR labeled buildings (30 Office and 5 Industrial/Warehouse) with a 2Q'08 market value of approximately \$1.4 billion. Centerpointe Chino II (Building 3), Shaw Park Plaza, 3500 East Lacey and Westbrook Corporate Center expect to receive the ENERGY STAR designation during 3Q'08. Kennedy, in partnership with ENERGY STAR, will also provide an asset management technical training in early August to provide additional access to new ENERGY STAR tools. MEPT office buildings with the ENERGY STAR label represent approximately 1.5% of all labeled buildings, and MEPT warehouse buildings represent over 35% of all ENERGY STAR labeled warehouse buildings.

- 2Q'08 Benchmarking results include:
 - **Office:** 89 buildings benchmarked representing approximately 11 million sf
 - 33 buildings ≥ 75%
 - 26 buildings 46-74%
 - 24 buildings ≤ 45%
 - 6 buildings are Not Rated (NR) due to various factors
 - 50 building scores increased from 2Q'07 to 2Q'08, while only 15 building scores decreased during the same period
 - 45% of benchmarked office building scores increased from 1Q'08 to 2Q'08
 - **Industrial:** 68 buildings were benchmarked during 2Q'08 representing > 12 million sf
 - 12 buildings ≥ 75%

- 17 buildings 46-74%
- 22 buildings ≤ 45%
- 12 buildings are Not Rated (“NR”)
- 5 buildings with no information provided
- 37% of benchmarked scores increased 1Q’08 to 2Q’08
- Gateway Distribution Center I and II began benchmarking during 2Q’08

2Q’08 RPI Case Study: Brewery Block II in Portland, OR: Brewery Block II is a ten-story, LEED Gold certified Class A office tower completed in 2002 as a central part of a five-block mixed-use redevelopment of Portland’s Pearl District. The original structure was constructed in 1908 as a brewery for Blitz-Weinhard and now hosts both retail and office space with a total net rentable area of 219,965 sf. The asset was 95% leased as of 2Q’08 with a market value of \$94.6 million. Brewery Block II continues to command market leading rents and was an MEPT top ten performing asset in 2007 due to its sustainable features, location and amenities. Select Brewery Block II RPI characteristics include:

- Transit-oriented development
- Exclusive use of Responsible Contractors
- Pedestrian-centric spaces with mixed-uses (office and retail)
- Significant historic preservation
- Energy and water efficiency
 - 20-25% more energy and water efficient
- Use of low-emitting and recycled materials in construction
- Construction waste management
 - 90% of construction waste and 95% of demolition waste was recycled
- Day-lighting, views and operable windows provide improved indoor environmental quality
- Sustainable tenant improvements and operations and maintenance practices

LEED Existing Building (“EB”) – Operations and Maintenance (“OM”) Portfolio Pilot Program: Initially planned for 1Q’08 commencement, USGBC delays have pushed the actual Pilot program start into 3Q’08 with building certifications occurring mid-2009 and 2010. The Pilot will last two years and will establish portfolio-wide operations and maintenance policies and procedures. The Pilot is intended to be flexible, allowing participants to move buildings in and out, while seeking a mix of different LEED credits. The USGBC will provide periodic reviews during a “performance period,” expected to last 3 – 12 months. Once the performance period is over and all LEED submittals have been completed and reviewed, certifications will be provided.

- The current MEPT LEED EB-OM building subset includes 39 buildings, representing over 7.4mm sf.
- The proposed MEPT building subset was reduced during 2Q’08 to reflect pending dispositions and building ineligibility.
- Most Portfolio Pilot 2009 expenses remain estimates, which will be refined over the later part of 2008 and into 2009. Known program expenses include discounted building registration fees.

During 2Q’08, Kennedy strategically identified three top national LEED EB-OM consultants (Paladino & Company, Brightworks and Green Building Services) to submit proposals for consulting services needed to successfully complete the LEED EB-OM Pilot program. Kennedy asked each consultant (given the building information provided, their experience with LEED EB, and understanding of Kennedy’s business model), to develop the most efficient, cost-effective proposal embedded with enough flexibility to be adjusted through the Pilot process. Consultant proposals were received in late July. Kennedy expects to interview the top two finalists during early September, selecting a finalist prior to the end of 3Q’08.

McKinstry Company (“McKinstry”): As discussed in the 1Q’08 RPI report, Kennedy has been actively working with McKinstry to develop a proposal to create a cost-effective, Kennedy Sustainability Pilot program which will be focused at reducing energy, water and waste at 10-15 buildings through:

- Creation of key performance indicators
- Energy audits and real time monitoring
- Baselines/benchmarking
- Carbon foot-printing

- Operational and capital planning and support

Kennedy expects a final proposal from McKinstry during the first portion of 3Q'08. The proposed pilot will be complimentary to Kennedy's LEED EB-OM program. McKinstry was also asked to provide portfolio, a la carte pricing for LEED EB-OM Pilot technical support services required to meet LEED prerequisites including: ASHRAE 62-2007 Indoor Air Quality (IAQ) testing, ASHRAE Level I Energy Audits, as well as other voluntary services which receive credit within LEED EB-OM. The McKinstry proposal will also focus on identifying ways to quantify "green" job creation figures associated with retrofits and systems upgrades.

Landon Butler & Company has confirmed verbally and/or through local union websites that McKinstry is a signatory contractor with the following local unions:

- United Association Plumbers & Pipefitters Local 32, Seattle, WA.
- Spinklerfitters Local 699, Seattle, WA
- Sheet Metal Workers Local 16, Portland, OR
- Sheet Metal Workers Local 66, Kirkland, WA
- IBEW Local 48, Portland, OR
- IBEW Local 46, Seattle, WA

Additionally, McKinstry is also listed as a member contractor with the Mechanical Contractors Association of America (signatory contractors association) and with SMACNA (Sheet Metal and Air Conditioning Contractors' National Association).

Kennedy Solar Power Project Evaluation: During 2Q'08, Kennedy met with representatives from Southern California Edison ("SCE") to further discuss opportunities for a solar roof lease at MEPT assets Centerpointe Chino and Haven Gateway as noted in the 1Q'08 RPI report. Following the meeting, SCE provided a basic Letter of Intent (LOI) which Kennedy and its counsel reviewed, providing comments during the end of the 2Q'08. SCE and its engineers also visited each asset and selected two of the most feasible buildings given roof age, roof coverage and solar orientation for its solar pilot program.

Kennedy expects to enter into a basic LOI or Exclusive Agreement during 3Q'08, moving to negotiate the actual roof lease during 4Q'08. SCE has indicated it should receive state approval for the solar pilot program during 4Q'08-1Q'09 with installation occurring immediately following approval. Interestingly, the solar roof lease concept may be pursued by other utilities in markets with MEPT industrial assets including Mission Trails (San Diego Gas & Electric) and Rivergate (Portland General Electric). Kennedy will continue to pursue feasible solar lease opportunities accretive to MEPT and its strategic separate account clients.

Financial Times/ULI Sustainable Cities Award: During 2Q'08, Kennedy was honored to receive an inaugural Financial Times/Urban Land Institute Sustainable Cities award. The global award recognized programs that advance sustainability principles in both cities and in the real estate industry in general. Programs, both public and private, were evaluated in eight categories and were chosen based on innovation, global relevance, and enhancement of the environment while displaying results after implementation. Programs were reviewed by an international panel of real estate and design professionals.

Kennedy Associates was one of nine to receive the award on June 16 in London. Kennedy's award application highlighted its commitment to RPI including its substantial sustainable development activities (i.e., LEED certified development), high performance property operations and programs like ENERGY STAR benchmarking and LEED EB-OM, as well as its longstanding commitment to the use of Responsible Contractors. Kennedy also highlighted its internal RPI initiatives including the targeted LEED Gold certification of its corporate headquarters, its Commute Challenge and annual bike to work team, and corporate tree planting (1,600 trees) in partnership with the Cascade Land Conservancy to offset its 2007 carbon footprint.

3Q08 RPI Executive Management Report:

Sustainable Development and Re-Development: Kennedy targets LEED Silver certification for all new development and re-development. As of 3Q'08, operating LEED certified and pre-certified MEPT assets represent over \$1 billion in aggregate "as-stabilized" value. There are 11 MEPT LEED projects in development or under considerations with an estimated total project cost/value of approximately \$1.3 billion, including One Franklin which will seek LEED Silver Commercial Interior certification. MEPT LEED projects represent greater than \$2.3 billion in total estimated value/cost. Other LEED 3Q'08 updates include:

- Be Green Consulting provided LEED Professional Accreditation exam education and training for seven Kennedy employees and two guests, including a representative from CalPERS during September 2008. Following the class, each Kennedy employee successfully passed the LEED exam. Kennedy LEED Accredited Professionals currently represent over 20% of its professional employees.

High Performance Property Operations:

ENERGY STAR Benchmarking: As of 3Q'08, there were 40 MEPT ENERGY STAR labeled buildings (33 Office and 7 Industrial/Warehouse) representing over 7.6 million sf. ENERGY STAR labeled MEPT buildings have an estimated 3Q'08 market value of over \$1.6 billion. During 3Q'08, 20 North Clark and 3500 East Lacey received the ENERGY STAR label, while Shaw Park Plaza, Patriot's I and Westbrook Corporate Center should receive the designation during 4Q'08. ENERGY STAR labeled MEPT office buildings currently represent 1.5% of all labeled buildings nationally, while MEPT warehouse buildings represent over 40%.

- 3Q'08 Benchmarking results include:
 - **Office:** 91 buildings benchmarked representing over 11 million sf
 - 34 buildings \geq 75%
 - 32 buildings 46-74%
 - 19 buildings \leq 45%
 - 6 buildings are Not Rated (NR) due to various factors
 - 20 North Clark and Burlington 500 were added to the benchmarking office portfolio during 3Q'08
 - 50% of benchmarked scores increased from 2Q'08 to 3Q'08
 - **Industrial:** 66 buildings were benchmarked during 3Q'08 representing > 12 million sf of which, 37 obtained a rating score
 - 9 buildings \geq 75%
 - 13 buildings 46-74%
 - 15 buildings \leq 45%
 - 29 buildings are Not Rated ("NR") largely due to issues relating to accessing to utility information
 - 29% of benchmarked rating scores (10) increased 2Q'08 to 3Q'08

LEED Existing Building ("EB") – Operations and Maintenance ("OM") Portfolio Pilot Program: The MEPT LEED EB-OM building portfolio currently includes 32 office buildings, representing over 6.3 million sf nationally. In addition:

- Each MEPT LEED EB-OM building was registered with the United States Green Building Council ("USGBC") during 3Q'08.
- Seven buildings were removed from the pilot portfolio during 3Q'08 due to pending sale or ineligibility.
- Kennedy received LEED EB-OM proposals from three highly regarded and experienced consultants during 3Q'08, ultimately selecting Green Building Services ("GBS"). GBS will begin working with Kennedy's asset management team and property management providers during 4Q'08.
- Kennedy remains confident that the LEED EB-OM Portfolio Pilot program will help certify the largest number of existing buildings cost effectively.

McKinstry Company (“McKinstry”): Kennedy received a revised proposal during 3Q’08 from the McKinstry to develop a Sustainability program focused at improving the operational performance of 10-15 buildings. Kennedy expects to engage McKinstry during the first portion of 4Q’08.

- Complementary to LEED EB-OM, the proposed Sustainability program will also target underperforming assets with high energy use.
- McKinstry may also provide required LEED EB-OM engineering and testing services.
- McKinstry will help Kennedy further quantify “green” job creation figures resulting from retrofits and systems upgrades.

Creation of Kennedy RPI Committee: Kennedy created an internal RPI Committee during 3Q’08 with strong representation from the asset management and acquisitions teams. The Committee will utilize the professional expertise of its members to advance the identification, development and implementation of accretive RPI internal and external initiatives. Select RPI Committee projects include:

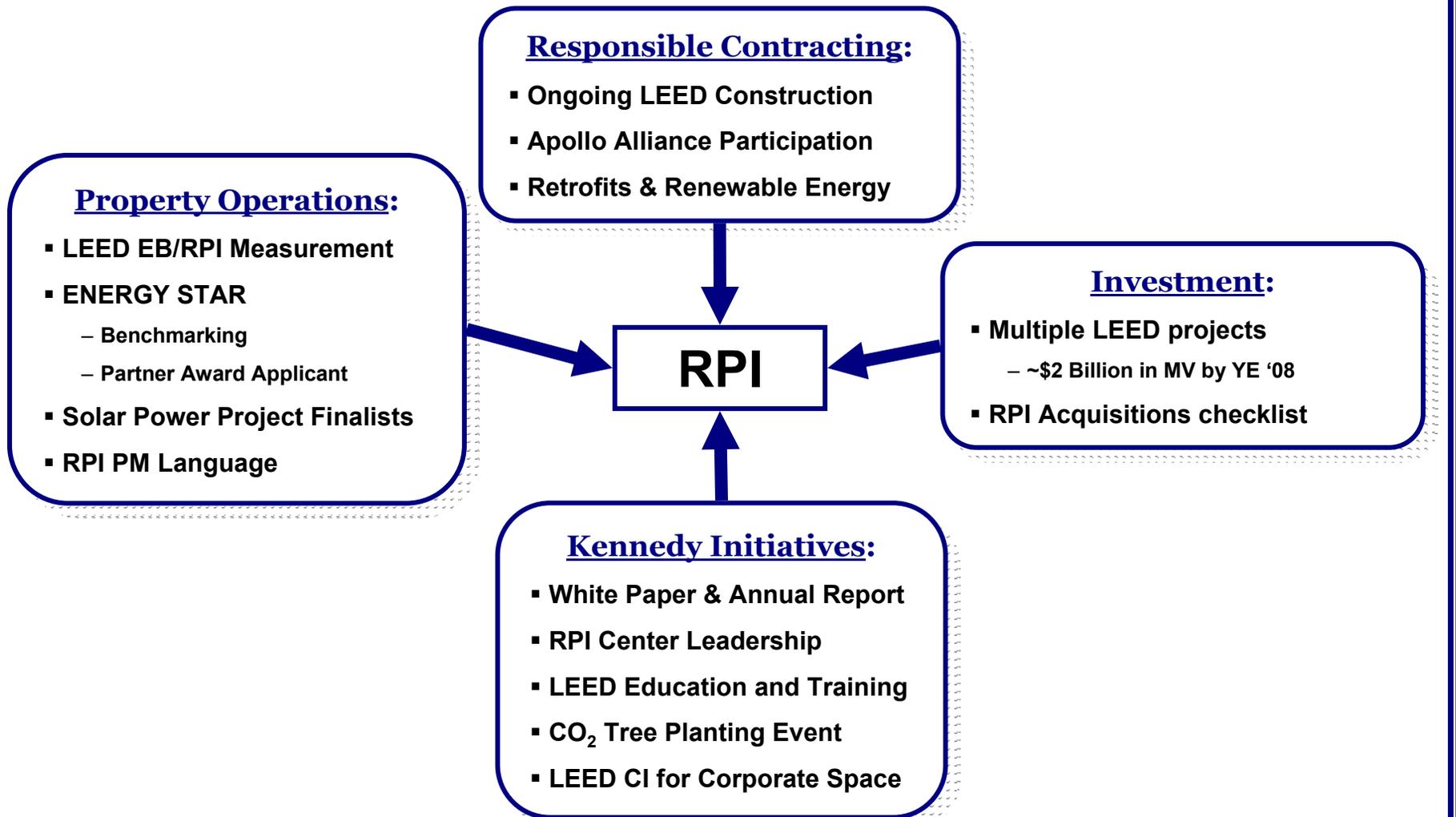
- Creation of a Green Lease to improve the energy efficiency and overall sustainability of the operating portfolio
- Development of a RPI Tenant Improvement Guide to improve the sustainability of the office portfolio and assist with LEED EB-OM certification

Kennedy Solar Power Project Evaluation: During 3Q’08, Kennedy continued discussions with Southern California Edison (“SCE”) regarding a solar roof lease for 250,000 sf at Centerpointe Chino Building 5 and executed an Exclusive Agreement on September 23rd. SCE and Kennedy expect to negotiate a detailed term sheet during the first portion of 4Q’08, providing the framework for an actual solar lease to be negotiated shortly thereafter.

- SCE has indicated that Centrepointe Chino 5 will likely secure the 2nd building slot in the SCE Solar program.
- SCE expects the solar panel installation to begin during 1Q’09 and last 45 days.
- SCE will own, maintain, insure and monitor the solar array.
- Kennedy expects the solar lease to last 10-20 years, provide a base lease rate (psf) with annual escalations, and ensure that the solar facilities are installed by union labor.

Kennedy will be discussing a similar lease arrangement with other utilities in CA and OR during 4Q’08 where MEPT has industrial assets which may benefit from such an arrangement from interested utilities. Kennedy believes the solar roof lease will create additional value for MEPT, while generating renewable energy; a core RPI priority.

IX. Responsible Property Investing (RPI) Activities:



Property Operations Initiatives: Energy Conservation

- Energy efficiency strategies at work:
- Fine tuning lighting and HVAC systems to maximize energy efficiency.
 - Cranberry Woods, Hartford Office Building, and Shaw Park Plaza will see \$49,000 in annual savings.
- Lighting retrofits to replace inefficient fixtures
 - Retrofits at Harman International Business Campus, Southwest Commerce Center, and Mission Trails Industrial Park are achieving 40-50% reduction in energy cost.
- Long term contracts with energy suppliers.
 - New contract at 300 Burlington Centre will achieve \$22,000 in annual savings.
 - New contract for GSW Gateway and Pinnacle Park will provide “clean and green” power for all common areas.
- Provide Saturday HVAC usage by request.
 - Alexander Park I & II, Courthouse Tower, and Lynwood Executive Center are expected to achieve \$40,000 in annual savings.
- Additional efficiency measures underway:
- “Smart” irrigation systems to reduce energy and water usage.
- Touch free systems in restrooms to preserve water and lower maintenance costs.
- Conversion to variable frequency drive, variable air volume, and direct digital controls for HVAC systems to improve efficiency and comfort.