

Investment Bank New Product Pilot **Green Building Security (GBS)**

Government Green Building Performance Contract Private Placement

Description. The Federal Government has obligated \$80B to renovate the government's building stock as green through the award of performance contracts. The contract guarantees the payoff of construction / renovation costs through the energy and operational savings from the green buildings. Similar performance contracts for green buildings are in use for other governments and institutions. These performance contracts are securitized.

Using the *Green Value Score*, the more valuable and less risky performance contracts could be pooled and securitized, thus enhancing collateral value that can be the balance sheet of large corporate performance contractors.

Purpose. The Pilot market tests and stimulates greater federal green building renovations from securities that can lead to cheaper cost of capital and thus can drive more performance contracts.

- **Consistent with Traditional Green Performance Contracting**, with just an additional *Green Value Score* documenting reduced expenses for each property whose performance contract is securitized.
- **Can Capture the Added Value of Green Performance Contracts** that is not currently recognized.
- **Is Expected to be profitable, less risky, and preferred by investors** based on extensive Wall Street Due Diligence released at a 2009 NYSE press conference.

Number of Contracts. Several performance contracts

Implementation. Public finance investment firms will originate the contracts for securitization. Assigning a *Green Value Score* to the buildings as part of the *National Consensus Green Building Underwriting Standards*, also provides the needed rational basis for labeling the GBS consistent with Federal Trade Commission Environmental Marketing Guides and comparable Attorneys General Green Guides governing truth in advertising and marketing.

Documentation.

- Obtain *Green Value Score* assessment during underwriting
- Collect and store *Green Value Score* with other asset electronic records