

## **GREEN BUILDINGS INNOVATION PROGRAM**

### MISSION

The Green Buildings Innovation Program's mission is to foster the growth of young companies with "green" technologies for commercial and residential buildings. It does so within a business incubator environment that nurtures companies by providing affordable space, guidance, and access to a range of technical, financial and other resources. Helping Program participants promotes more efficient, less wasteful, healthier buildings, and stimulates economic development from the grass roots on up.

### Background and Focus

The Program is the vision of the Santa Fe Business Incubator (SFBI), a not-for-profit incubator facility, and BGK-Integrated Group (BIG), a commercial real estate company. During its 12+ year existence, SFBI has successfully helped more than 65 companies become thriving businesses - achieving an unprecedented success rate of over 80%. BIG is part of a 200 employee organization with five regional offices and over 220 properties in 28 states. BIG embraces "green" as a way to maximize property performance and profitability. In 2008 it received the New Mexico Association of Energy Engineers Award for Excellence for helping to "make New Mexico a center for planet friendly businesses." SFBI and BIG are headquartered in Santa Fe, New Mexico, which Forbes describes as

the 2<sup>nd</sup> best small tech city in the country with ample renewable energy resources (New Mexico has one of the highest levels of received solar energy in the nation), connections to national laboratories engaged in innovative research, state-wide government and educational initiatives, and a local network of VC groups looking to foster new businesses, New Mexico is poised to be a center of green-tech progress and innovation. Energy is a \$6 trillion dollar market and ... sustainable buildings has the potential to be the largest economic opportunity of this century.

The Program is being launched at SFBI's facility, which is well positioned to attract target companies, including those evolving from technology transfer programs at the Los Alamos and Sandia National Labs. The Program will be expanded to the hundreds of other incubators around the country. Marie Longserre, SFBI's president will help lead that expansion. She has been SFBI's guiding force for over ten years; is a Member of the Board of the State of New Mexico Small Business Investment Corporation; and is the Treasurer and an Executive Committee Member of the National Incubator Association, which has over 1,900 members from 56 countries.

### Why Incubators Work

For young companies, incubators provide a unique environment for fostering growth. At its facility, SFBI offers:

- Lower Occupancy Costs/Flexible Terms - space is available at a discount to market rents, and on terms that can accommodate expanding and contracting square footage needs, with no personal guarantees and long term commitments.
- Shared Support Services – companies share office equipment and other resources, many of which are provided at little or no costs – eliminating the need to purchase or lease significant office equipment.
- Idea/Resource Exchange - collaboration and sharing of ideas/information is encouraged and facilitated between incubator occupants, which can be invaluable to entrepreneurs with great technologies, but little business "know how."
- Business/Financial Planning, Models and Practices - occupants are assisted with developing business plans, budgets, financial models/projection and other presentations important for planning and prospecting for investors, lenders, grants, management team members, and other resources. They also have access to "best practices" guidelines, including fiscal management, reporting, and planning.
- Networking/Exposure to the Business Community – through periodic meetings and events, companies have a chance to network and showcase products and services (a key way of connecting with prospective angel, venture capital, and other investors, venture partners, and professionals).
- Recruiting – while they may have great ideas and technologies, many new businesses need help finding experienced management (including temporary or permanent CEO's or COO's).

The ultimate goal of the incubator is to facilitate the maturation and development of young companies, helping them evolve from great concepts to flourishing businesses.

### What Makes the Program So Special?

Building on the strong, incubator system foundation, the Program offers a number of additional resources for fledgling companies with “green” building services or products, including:

- Initial Feasibility Assessment – Companies entering conventional incubator programs must generally demonstrate some modest prospect for success in the real world. The Program subjects applicants to a more rigorous evaluation of their products or services from both technological and commercial marketability vantage points. The higher barrier to entry provides greater likelihood that participants will succeed, and suggests steps to be taken to improve prospects for success.
- “Green-Centric” Advisors and Mentors – Program participants will have access to advisors and strategic partners with “green” building expertise or other resources, which may include:
  - Engineering/Technology - input into technical aspects, including assessment of merit and commercial utility; information about competing technologies; and suggestions for enhancements and refinement.
  - Legal/Accounting – information about or assistance with zoning/land use issues; performance/energy savings contracts; space and equipment leasing considerations; and energy and other tax credits and programs.
  - Banking/Finance – loan and mezzanine debt prospects for internal growth; and programs for consumer financing of energy projects to enhance salability.
  - Manufacturing/Distribution – access to companies experienced in producing, distributing and/or selling “green” building products through wholesale or retail networks.
  - Marketing – advertising and marketing considerations, including benefits and constraints on using “green” terminology in promotions
  - Funding – exposure to investors targeting “green” companies, and assistance with applications for grant and other programs.
- Beta Sites – Through BIG and other real estate owners, participants will have the opportunity to beta test and showcase products and services in buildings to prove out concepts and enhance marketability.
- “GreenWeb” – The Program will focus on creating a “green” building business/social website to give participants access to research and other information, and enable them to showcase products and services to potential customers, funding sources, venture partners and others.

### Participating in the Program Because Being “Green” is the Right Thing to Do

When thinking about greenhouse gas culprits, residential and commercial buildings do not usually come to mind. But they should – buildings are responsible for consuming enormous natural resources and generating inordinate amounts of carbon emissions and waste. Commercial buildings in the U.S. use more than 70% of all electricity and 12% of potable water; and contribute to over 30% of waste production and over 35% of all CO2 emissions. In comparison all forms of transportation (including cars) are responsible for about 27% of our national energy consumption, compared to about 39% by buildings. “Green” building programs can result in a 30-50% reduction in energy use; an approximately 35% reduction in carbon emissions; an approximately 40% reduction in water use; and an approximately 70% reduction in solid waste.

### Embracing “Green” Because it is Economically Rewarding

The economics of “green” are as compelling as its social attributes. For real estate, “green” buildings command higher rents and sales prices; are more efficient to operate (with lower energy/maintenance costs); provide healthier, more productive work environments; and are more appealing to an increasing numbers of tenants demanding a “green” component to their space and willing to pay a premium for it. According to the United States Green Building Coalition, the estimated value of the domestic green building products market is close to \$7 billion today, up from less than \$800 million in 2000. The Green Building Alliance estimates that by 2010, the green building

product market will reach approximately \$32 billion. The Obama Administration is keenly focused on clean/green energy technologies as a key component of economic recovery and growth. Those technologies will create independence from fossil fuels; a host of new industries; and an estimated 5 million – 9 million new jobs.

#### The Program's Significant Economic and Social Goals Can Be Better Achieved with Some Outside Help

The Program is a unique tool for stimulating new technologies and jobs, and helping the environment. In praising the creation of the Program in a 2008 address, Diane Denish, New Mexico's Lt. Governor noted:

**“It's great to hear about the new Green Buildings Innovation Program [which is] going to allow our entrepreneurs to be part of clean and green energy. Not only will they develop clean and green, and build green they'll be providing clean and green products to their customers. They will be part of a much larger mission ... to address global warming, climate change, and helping policy makers like me to address those issues that are facing all of us and that are important for not just our business community but our families and for our future.”**

Participation by individuals, organizations and businesses dedicated to the “green” movement would significantly enhance the Program's prospects. That participation may include contributions of time, knowledge and experience; allocation of space/sites for beta testing products and services; and tax-deductible donations of cash or other resources. Any donation would be made to the Santa Fe Business Incubator – Green Buildings Innovations Program, and would be 100% allocated to direct expenses of the Program.

Aside from corporate or government funding and sponsorships, we encourage individuals with “green” skill to become part of the Program's Advisory Task Force, and/or to participate as mentors. Advisory Task Force members will have no formal responsibilities or liabilities, but will be asked to participate in monthly telephone meetings. They may also be asked to periodically review prospective participants, and provide help with specific issues or objectives. Mentors will be called upon to provide more hands-on guidance and assistance to Program participants, which may include periodic meetings. Advisors, mentors and sponsors would be featured (if they desire) on the Program Website, and would be entitled to links to their own Websites. They may also have opportunities from time to time to become more actively involved with Program participants in management, funding, licensing and distribution, or other aspects of their growth and development.