

February 14, 2018

Ms. Anny Huang, Manager
Emission Inventory Analysis Section
California Air Resource Board
1001 I Street
Sacramento, CA 95814

Re: Greenhouse Gas Emissions Offset Approach for the 1045 Olive Project

Dear Ms. Huang:

This letter is provided as a supplement to the application filed by 1045 Olive, LLC. (the “Project Applicant”), who proposes to develop the 1045 Olive Project (the “Project”) in the Central City Community Plan and the City Center Redevelopment Plan Project area of the City of Los Angeles.

As you know, the Project Applicant has applied for certification by the Governor as a leadership project under the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, as amended (collectively, “AB 900” or the “Act”). The application includes projected emissions for the Project that show certain projected net additional emissions of greenhouse gases (GHG) as a result of the construction of the Project and as a consequence of Project operations.

The Applicant has committed to no net increase in construction and operation-related GHG emissions. Consistent with policy recommendations included in California Air Resources Board’s (CARB) California 2017 Climate Change Scoping Plan,¹ while offsets are a potential way to mitigate GHG emissions, other options will continue to be explored as well to the extent feasible, with the following order of preference: (1) project design feature/on-site reduction measures; (2) off-site local reductions; (3) off-site regional reductions, and (4) offset credits issued by a recognized and reputable carbon registry. To the extent offsets are used to mitigate GHG emissions, prior to issuance or any Certificate of Occupancy for any building in the project, the Applicant or its successor shall enter into one or more contracts to purchase carbon credits issued by a recognized and reputable carbon registry, which contract, together with any previous contracts, shall evidence the purchase of carbon credits in an amount sufficient to offset the operational emissions attributable to each building constructed within the project over the analysis horizon of 30 years. Prior to execution of the contract(s), the Applicant shall provide the lead agency (the City of Los Angeles) a calculation of the net additional operational GHG emissions according to the methodology followed in the

¹ The California 2017 Climate Change Scoping Plan is available at:
https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf

Greenhouse Gas Emissions Methodology and Documentation for the 1045 Olive Street Project document. The Applicant shall agree to promptly submit copies of executed contracts for purchased carbon credits to CARB and to the Governor's office. The commitments to enter into contracts to offset net additional GHG emissions will be incorporated as a condition of project approval under the Public Resources Code sec. 21183(e), which is binding and enforceable by the lead agency.

The Project Applicant proposes to meet the requirement set forth in California Public Resources Code Section 21183(c), which requires that the Project demonstrate that it will not result in net additional emissions of GHG, through the implementation of GHG-reducing Project Design Features and/or acquisition of voluntary carbon credits sufficient to offset all projected additional emissions, in the following manner:

1. No later than six (6) months after the issuance of a Temporary Certificate of Occupancy for the Project, the Project Applicant shall commit to providing to the lead agency, the City of Los Angeles, a calculation of the net additional emissions resulting from the construction of the Project (the "Construction Emissions"), to be calculated in accordance with the methodology agreed upon by the California Air Resources Board (CARB) in connection with the AB 900 certification of the Project (the "Agreed Methodology"). Project Applicant shall provide courtesy copies of the calculations to CARB and the Governor's Office promptly following transmittal of the calculations to the City of Los Angeles. Project Applicant shall enter into one or more contracts for the implementation of GHG-reducing Project Design Features and/or purchase voluntary carbon credits from a recognized and reputable carbon registry in an amount sufficient to offset the Construction Emissions. The Project Applicant shall provide courtesy copies of any such contracts to CARB and the Governor's Office promptly following the execution of such contracts.
2. Prior to issuance of any Certificate of Occupancy for the Project, the Applicant or its successor shall commit to entering into one or more contracts to purchase carbon credits from a recognized and reputable carbon registry (to be selected from an accredited registry), which contract, together with any previous contracts for the purchase of carbon credits, shall evidence the purchase of carbon credits in an amount sufficient to offset the Operational Emissions attributable to the Project, and shall be calculated on a net present value basis for a 30-year useful life.

Prior to execution of the contract(s), the Applicant and its consultant shall calculate the Operational Emissions, in accordance with the methodology described in the Applicant's "Application for Environmental Leadership Development Project," specifically the "Greenhouse Gas Emissions Methodology and Documentation" prepared by Environmental Science Associates (ESA).

Once the City has had an opportunity to review and approve the methodology and associated calculations, the Applicant shall provide copies of the calculation methodology to the California Air Resources Board (CARB) and Governor's Office of Planning and Research (OPR), which is then subject to a determination signed by the Executive Officer

of CARB pursuant to the procedures set forth in Section 6 of OPR's Guidelines. The City will issue a Certificate of Occupancy upon receipt of the following: (1) a fully executed copy of the carbon offset purchase agreement(s); (2) a final CARB Determination that the Project will not result in any net additional GHG emissions; and (3) a copy of OPR's Certification Letter for the Project.

3. The following project design features were accounted for in the AB 900 application for purposes of reducing GHG emissions and are, therefore, included as commitments in this letter.

A. The design of the new buildings shall incorporate features to be capable of achieving Gold certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED)-CS® or LEED-NC® Rating System as of January 1, 2011. Specific sustainability features that are integrated into the Project design to enable the Project to achieve at least LEED® Gold certification would include but not be limited to the following:

- a. The Project will incorporate heat island reduction strategies for 50 percent of the site hardscapes or provide 100 percent structured parking and incorporate heat island reduction strategies for the Project roof areas.
- b. The Project will promote alternatives to conventionally fueled automobiles by providing electric vehicle charging stations and/or preferred parking for alternative-fuel vehicles, low-emitting, and fuel-efficient and ride-sharing vehicles.
- c. The Project will optimize building energy performance with a minimum of a 5 percent reduction from the LEED baseline consistent with LEED requirements.
- d. The Project will reduce water consumption by 40 percent for indoor water and 50 percent for outdoor water from the LEED usage baseline.
- e. The Project would reduce indoor potable water use by a minimum of 20 percent compared to baseline or standard water consumption by installing water fixtures that exceed applicable standards.
- f. The Project will provide on-site recycling areas with containers to promote the recycling of paper, metal, glass, and other recyclable materials and adequate storage areas for such containers.

B. The residential units within the Project shall not include the use of natural gas-fueled fireplaces.

The commitments outlined herein will be incorporated into the Project's Final Environmental Impact Report (FEIR) as a proposed improvement measure. The Project Applicant will agree to comply with all improvement measures and mitigation measures

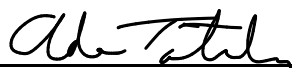
Ms. Anny Huang, Manager
Re: GHG Emissions Offset Approach for the 1045 Olive Project
February 14, 2018
Page 4

contained in the FEIR through the Project's Mitigation Monitoring and Reporting Program, which represents a binding and enforceable agreement with the Project's lead agency, the City of Los Angeles.

Should you have any questions, please do not hesitate to call Elliott Kahn at (424) 653-2100.

Sincerely,

1045 Olive, LLC,
a California limited liability company

By:  _____

Name: Adam Tartakovsky
Its: Authorized Signatory

cc: Alejandro Huerta, City Planner, City of Los Angeles, Department of City Planning
Ryan Leaderman, Partner, DLA Piper LLP
Heidi Rous, Air Quality and Noise Group Director, ESA

1045 Olive Project

Application for CEQA Streamlining

- LEED Measures

1045 Olive Project

LEED Measures

The following list highlights the main sustainability strategies to be implemented into the 1045 Olive Project in order to achieve Gold certification or greater under LEED v3 or the LEED v4 rating system, as applicable. This is in addition to the strategies needed to reduce the greenhouse gas (GHG) emissions, as required by the California Air Resources Board (CARB).

Design

- Prior to Project approvals, a preliminary LEED action plan will be submitted to the City of Los Angeles Department of City Planning. Prior to issuance of a building permit, conduct a preliminary LEED meeting with a minimum of four key Project team members and the owner or owner's representative. As part of the meeting, review a LEED action plan that, at a minimum (1) determines the LEED certification level to pursue (Gold or Platinum); (2) selects the LEED credits to meet the targeted certification level; and (3) identifies the responsible parties, including but not limited to the Los Angeles Department of Building and Safety, the City of Los Angeles Department of City Planning, the City of Los Angeles Department of Public Works, Bureau of Engineering, to ensure the LEED requirements for each prerequisite and selected credit are met. Modifications to the selected criteria are permissible during construction as long as the targeted LEED certification level continues to be met.

Site

- Implementation of an erosion and sedimentation plan for all construction activities.
- Provision of heat island mitigation strategies for 50 percent of hardscapes or provide 100 percent structured parking.
- Development of tenant design and construction guidelines, which applies to LEED Core & Shell certification only.

Transportation

- The Project proposes a TDM package to encourage the use of non-auto modes and reduce vehicle trips, that could include the following measures:
 - Promotion and support of carpools and rideshares, including parking and transit incentives.
 - Preferential parking for carpools and vanpools for employees.
 - Provide on-site real-time information displays to make available real-time information on car-sharing, transit, vanpools, taxis.
 - External and internal multimodal wayfinding signage.
 - Enroll tenants in trip tracking applications, if applicable.
 - Transit Welcome Package – to all new residents/employees with info on alternate modes and walk to destination opportunities.
 - Provide off-street residential and retail parking, and freight-loading spaces, and participate in a Car-Share Program to provide spaces for car-share vehicles.
 - Pursue with the City the implementation of on-street commercial loading spaces for deliveries and drop-off.
 - Pursue with the City the implementation of on-street passenger drop-off spaces.
 - Provide access to collapsible shopping carts and/or cargo bike for ease of local shopping.
 - Discounts for employees who utilize public transit to travel to the site.
 - On-site bicycle amenities such as access to free bicycles for residential guests, on-site repair station and bicycle racks, and lockers / showers for residents and employees, etc.
 - Participate in the City's Bike Share Program by providing an area for bike share facilities.

Water Quality

- Use of on-site storm water treatment in accordance with City standards.
- Installation of catch basin inserts and screens to provide runoff contaminant removal in accordance with City standards.
- Preparation and implementation of a Stormwater Pollution and Prevention Plan (SWPPP) and Standard Urban Stormwater Mitigation Plan (SUSMP), both of which would include Best Management Practices (BMPs) to control stormwater runoff, minimize pollutant loading and erosion effects during and after construction.

Energy Conservation and Efficiency

- Use of full-cutoff or fully shielded on-street lighting oriented to pedestrian areas/sidewalks so as to minimize overlighting, light trespass, and glare.
- Inclusion of outdoor air flow measuring devices, additional outdoor air ventilation, and use of low emitting materials to promote indoor environmental quality.
- Use of refrigerants that reduce ozone depletion.
- Provision of conduit that is appropriate for future photovoltaic and solar thermal collectors.
- Post-construction commissioning of building energy systems performed on an ongoing basis to ensure all systems are running at optimal efficiency.
- Purchase of renewable source power (“green power”) or implementation of other carbon offset programs or carbon offset purchases to minimize carbon emissions.
- Review of commissioning activities by an independent Commissioning Agency and development and implementation of commissioning plan.
- Implementation of building level energy meter to provide monthly tracking of energy consumption.
- Provision of metering for tenant space.

Solid Waste

- Provision of on-site recycling containers to promote the recycling of paper, metal, glass, and other recyclable materials and adequate storage areas for such containers during construction and after the building is occupied.
- Implementation of a construction waste management plan to recycle and/or salvage a minimum of 65 percent of nonhazardous construction debris.
- Diversion of construction materials from landfill. Diversion must include at least three material streams (e.g., recovery, reuse, and recycling).

Air Quality

- Employment of practices that prohibit the use of chlorofluorocarbons (CFCs) in heating, ventilation, and air conditioning (HVAC) systems.
- Installation of MERV 11 filtration at outside air intakes to improve indoor air quality (per LEED minimum indoor air quality performance requirements).
- Meeting applicable California and/or Los Angeles air emissions requirements for all heating or cogeneration equipment utilized at the Project Site.
- Installation of landscaping and canopy trees throughout the Project Site, including roof decks, pool decks, and terraces, to provide shading and capture carbon dioxide (CO₂) emissions.
- Use of adhesives, sealants, paints, finishes, carpet, and other materials that emit low quantities of volatile organic compounds (VOCs) and/or other air pollutants.
- Development of an Indoor Air Quality Management Plan for construction and pre-occupancy phases.
- Provision of individual control on thermostats to 50 percent of building occupants. For residential buildings, the credit can be achieved by providing access to operable windows. For commercial spaces, control must be provided to 50 percent of occupants in order to meet the intent of the credit.
- HVAC system design compliance to ASHRAE 55. The Core & Shell base building mechanical systems must allow for the tenant build-out to meet the requirement of this credit.