



VILLAGE PARTNERS INC. | 4340 VON KARMAN AVE., STE 200 · NEWPORT BEACH, CA 92660
T 949.527.3597 · F 949.527.3587 · WWW.VILLAGEPARTNERS.COM

California Energy Commission

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1516 Ninth Street
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Subject: Docket No. 12-EPIC-01

My name is Don Henry of Village Partners, Inc. We have considerable experience in innovative mixed use real estate projects that use renewable energy technologies whenever possible.

Over the past five years, Village Partners has been increasingly involved in planning of innovation facilities around universities, hospitals and public agency properties. Through that process, we have conceptualized a real estate development idea which will further the effectiveness of the overall EPIC program, use of its funds, and generation of new renewable energy technologies.

The California Community College District has 112 campuses, many of which are both involved in renewable energy technology and have available real estate. These campuses are likely hubs of the EPIC program "Innovation Clusters" effort.

From our experience, we have found that the university environment, though robust from an intellectual standpoint, will need dedicated new facilities to manage the renewable energy technology genesis and deployment process.

Therefore, what we are writing to suggest is beta test funding for a new kind of university facility, a mixed use campus residential, innovation and conference center. We envision this building to be approximately 100,000 square feet, perhaps four stories. In the residential portion would be on the upper floors and include students chosen from the various disciplines required to generate successful renewable energy projects – engineering, physics, mathematics, manufacturing, business, and other majors. The mix of students would vary according to the specialty areas of the campus. These students would live at the building and pay rent, attend classes and also manage the facility. Their rents would be one significant revenue source for the facility.

In the lower floors of the building would be offices and conference rooms. The offices could be used by emerging companies from the campus, or for dedicated renewable energy technology projects. Depending upon the rules of the campus, there might also be outside organizations, such as a local angel investor group. If only students could use the offices, they could also be trained to start up the angel investor group or other similar activities. If the building became a dedicated incubator, that would generate an additional revenue stream of rents.

The third use of the facility would be for conferences and meetings, reserved on a paid basis. Often at universities, such space is very limited and reserved long in advance. There are often parking constraints on the use of these facilities. This building would likely be planned close to the edge of the campus, or even on college property off the main campus, where parking was less of an issue.

The meeting facilities could be used for public agency capital project discussions, which often include the requirement for renewable energy technology. Again, these meetings would be scheduled on a fee basis, generating a revenue stream for the building.

Therefore, collectively, the building would encompass the student innovators and packagers of renewable energy technology, facilities for emerging companies, and conference space for potential public agency end users of the renewable energy technology. The building itself could also be planned and constructed as a showpiece for renewable energy technology, even from the local area.

As a real estate developer and asset manager, our objective is to develop, own and manage profitable projects. Therefore, the scenario we envision is that the college would contribute the land and the entitlements, and Village Partners would provide the funding and development expertise based on the projected cash flow.

One approach for working with the State's EPIC program is that the CEC would provide sufficient funds to build the first project, and then would be repaid with rents from the project. A prototypical concept plan and proforma analysis would be provided upon CEC's request.

Village Partners would own the building, or co-own it with the college. We would receive development and property management fees for our efforts. If there were promising intellectual property coming from the project, we would attempt to derive revenue from it as well, although this is very difficult.

We would estimate the cost of such a building would be approximately \$25 to \$30 million. This money could be staged over a 2-3 year period of EPIC program allocations, as the first one of these projects will likely be very time consuming to develop.

We appreciate the opportunity to work with the California Energy Commission on this exciting program.

Sincerely,

VILLAGE PARTNERS, INC.



J. Donald Henry
President