



TRANSFORMATION
TO SUSTAINABILITY

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Creating Economic Stimulus while Stopping Climate Credit Risk/Irreversibility

- Executive Summary
- Needed Near Term Pollution Reductions to Stop DAI (Dangerous Anthropogenic* Interference) with Climate/Irreversibility

*Man-made

ACEEE
Australia
Bank of America Securities
BOMA Foundation
BOMA International
Canada Green Building Council
Canada Mortgage & Housing Corp.
Citi
City of Chicago
City of Dallas
City of Denver
City of New York
City of Oakland
City of Santa Monica
City of San Francisco
City of Seattle
CitiGroup Smith Barney
Citizens Bank of Canada
Corenet Global
Delaware Valley Green Bldg. Council
Destiny USA
Dewey & LeBoeuf
Durst Development
EPA ENERGY STAR
Ecos Corporation
Environmental Bankers Association
Evolution Partners
Fannie Mae
Fireman's Fund / Allianz
First Affirmative Financial
Forbo Flooring
Forest Stewardship Council
Gerding Edlin Development
Goldman Sachs
Green Building Alliance
Global Green
Hoffmann & Associates
Home First Mortgage Corp.
Investor's Circle
JPMorgan Chase
Lafarge
Malachite LLC
Milliken
Mortgage Green
My Energy Loan
National Association of Realtors
New Jersey Green Building Council
New York Green Building Council
NYSERDA
Philips
Prohoff & Associates
Sempra Energy
Social Investment Forum
State of California
State of New Jersey
Swinerton Builders
Turner Construction
UBS Securities
United Kingdom
US Green Building Council
US Treasury Department
Vancity Bank
Vinson & Elkins
Wachovia
Wells Fargo Securities
Wendel Rosen Black & Dean
West Coast Green
World Green Building Council

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Acting Now to Secure a Healthy & Prosperous Tomorrow

Executive Summary

International treaty of 1992 of the world's governments requires that Dangerous Climate Change be stopped now.

NASA and other leading scientists' findings of November and December 2007 show that we exceeded the safe limit of climate pollution and are currently at a Dangerous level in violation of US and international law, placing human health and environment at an unreasonable risk.

The Intergovernmental Panel on Climate Change (IPCC) is comprised of the world's governments and leading climate scientists who were awarded the Nobel Peace Prize. IPCC concludes that at today's Dangerous level, the world is subject to serious and / or irreversible impacts to:

- food supply
- infrastructure
- health
- water resources
- coastal systems including rising sea level
- ecosystems with high confidence of extinction of many species and reduction in ecosystem diversity
- global biogeochemical cycles with increasing ocean acidity adversely impacting organisms including corals
- ice sheets with partial or near-total irreversible deglaciation of Greenland and West Antarctica
- modes of oceanic and atmospheric circulation
- migration
- conflict
- aggregate market impacts and distribution

IPCC and leading scientists believe that climate pollution growth must be stopped in the next 10 years or else Dangerous Climate Change may likely go Irreversible causing the unacceptable risks enumerated above. Such action will also provide an economic stimulus.

Accordingly, there is a consensus on the need to make substantial near term pollution reductions to stop pollution growth and start a decline in the overall pollution level, by leading climate scientists, governments, global security experts and the insurance and real estate finance industries. Insurance and real estate finance show substantial added costs from climate damages to their safe operations, which Moody's calls a "serious credit risk."

A task force of leading global security experts concludes that runaway climate change "would destabilize virtually every aspect of modern life." The UK's *Stern Review* (2007) concludes that runaway Dangerous Climate Change may wipe out 20% of global GDP.

Moreover, climate pollution is accelerating beyond even the worst case IPCC pollution projections.

Based on successful precedent and quantified benefits, Sustainable Building Investment Underwriting Standards and Sustainable Mortgage Backed Securities (SMBS) can reduce the needed amount of climate pollution over the next 10 years to prevent Dangerous Climate Change from going Irreversible. SMBS are bonds backed by 100% green buildings with sustainable products.

Green buildings are energy and environmentally efficient and more valuable than conventional buildings based on completed due diligence conducted with Wall Street's leading investment banks and rating agencies. Sustainable products are best for the environment, economy and social equity.

Certified climate neutral buildings reduce climate pollution by 100%, certified sustainable products reduce it by 40% over the global supply chain, and certified green buildings reduce it by 35%. At expected near term green building market penetration, Sustainable Investment Underwriting Standards and SMBS will:

- Add about \$1 trillion/ yr. to the economy
- Provide an additional economic stimulus through higher valued collateral and innovative new products improving investor confidence
- Promote energy and global security
- Stop Imminent Irreversible Dangerous Climate Change
- Substantially increase investment bank and rating agency profits through fees in resecuritizing the building stock

Based on IPCC projections of pollution growth adjusted for validated accelerated growth, about 2.8M certified green and climate neutral buildings and 1.2M certified sustainable products are needed for 2008-2015 to stop Imminent Irreversible Dangerous Climate Change.

The Capital Markets Partnership, including the world's leading investment banks, adopted consensus standards as part of its due diligence covering these certified green buildings and sustainable products (*Standards Requirements 2.0* 2006).

The Standards and Schedule of needed green buildings and sustainable products provide for increased traction in the next few years, with a larger scale 25%/yr. of needed buildings and products certified from 2013-2015.

The number of needed buildings and products is conservative incorporating an added 60% margin of safety allowing for uncertainties and accelerated pollution growth. The Capital Markets Partnership (CMP) will measure and report progress and initiate any needed mid-course corrections.

It's important to recognize that there are no enacted federal or state requirements for needed climate pollution reductions over the next 10 years to stop Irreversibility. Thus, Investment Underwriting Standards and SMBS are singularly important and CMP Members have responded by launching \$70B in 2007 Climate Pollution reduction initiatives in fulfilling their legal responsibility to accurately reflect climate risk.