

Delivering a New Model of Sustainable Building for Auto Dealerships

To be one of the first auto dealerships to be designated LEED Certified Platinum, the highest standard for sustainable, high-performance building, you need solar panels. Lots of them. You also need a camera and flat-screen monitors in the showroom so that visitors can watch the power meter running forwards as they generate electricity using nothing but the sun's rays. Which, if you're Headquarter Honda in the Orlando suburb of Clermont, you're going to get a lot of.

"That's our Space Mountain," says Judy L. Farcus Serra, the new dealership's Controller and Assistant General Manager. "About 60 percent of the roof is covered with solar panels, and they generate 12.5 percent of our electricity."

Family-owned Bella Automotive Group already ran a dealership in the Miami area that had a two-decade record of satisfied customers and national recognition. But in 2008, founder Jeronimo M. Esteve decided he wanted to build a new facility to mirror Honda's green initiatives.

Two years later, with help from Bank of America Merrill Lynch, Headquarter Honda has become a showcase of sustainability. Esteve's decision to go for LEED Certified Platinum status affected practically every choice that went into design, construction and operation of the facility. LEED Certified Platinum means third-party verification that the building was designed and built using strategies aimed at improving energy savings, water efficiency, CO² emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

Experienced and green

Bank of America Merrill Lynch is no stranger to sustainable building. In 2007, it committed \$1.4 billion to meeting LEED requirements in its banking centers and office buildings (part of a 10-year, \$20 billion pledge to address climate change). "When I learned Headquarter Honda was going to be an environmentally friendly dealership, I knew we wanted to help them," says Bank of America Merrill Lynch Client Manager David Snodgrass. "It's a cause we are excited to support."

The bank was also impressed by Bella's strong, well-capitalized balance sheet and proven track record in the car business. And as it turned out, the dealership's first big challenge had nothing to do with going green. Not long after planning began, housing prices began to sink, global financial markets collapsed and loans for businesses dried up. Suddenly, banks couldn't provide credit to finance new construction, especially in the troubled automotive industry. "We had several banks bidding," Serra says. "One at a time, they bowed out, but Bank of America Merrill Lynch stayed with us."

Bank of America Merrill Lynch offered Headquarter Honda critical financing as well as deep familiarity with the auto business and years of experience executing major construction projects. They kicked off their work

together with a pre-construction meeting to discuss loan requirements and documentation, review contracts and set expectations. Early on, the bank recognized that the dealership had taken out a conditional payment bond and advised it to obtain an unconditional bond to ensure it was protected from problems with the contractor. "We are their eyes and ears," says Kimberly Prewitt, Bank of America Merrill Lynch Document Administrator. "Our requirements might be more than what a community bank would require, but ultimately our services help ensure they get a proper project."

Seizing the moment

Meeting LEED Platinum requirements can increase construction costs by 25 to 30 percent, but few appraisers had experience valuing the unique materials and work that would go into it. The solar panels alone added \$875,000 to the budget. Bank of America Merrill Lynch facilitated a partnership between the client and the appraiser and supported them in gathering information and locating additional expertise. According to Snodgrass, the appraisers initially said they weren't sure. "It was a bit of a learning experience on my team's part, but we seized the moment and came to the table with solutions related to those issues," says Snodgrass.



The unique requirements of building a LEED Certified Platinum car dealership began as soon as site work did. Instead of being thrown away, a canopy and a tank from the existing well were installed at a local farm. The asphalt from the old parking lot was recycled for use in the new one. A fence and retaining wall were left in place. Materials such as paints and glues that don't emit noxious chemicals, wood from responsibly-managed forests and rapidly renewable bamboo flooring were favored, and 95 percent of the waste was diverted from landfills and incinerators to be recycled.

Leading by example

The blueprints included 8,000 square-feet of "green roof" plants that help heat and cool the building naturally. Outside walls are covered with vines, which also contribute to heating and cooling efficiency. Inside, high ceilings and large windows capture as much daylight as possible, which reduces energy consumption and provides a healthier and more pleasant environment for people. To minimize its impact on neighbors, the dealership has

no paging system and all the lights point down rather than out. Headquarter Honda will save about 15 percent annually on its energy costs.

"We're trying to set a good example," Serra says. "We do business a little differently than other car dealerships, so it kind of feels right to have a different look."

Despite the state-of-the-art design, Bank of America Merrill Lynch gave Headquarter Honda the same close, consultative approach it offers every client, including a dedicated team of associates, deep industry knowledge and a constant local presence. "We are there to help our clients every step of the way," Snodgrass says. Adds Serra: "I've dealt with numerous banks in my 26 years in the car business and I can tell you that this team stands with the best. They're good partners, and that's what you need in these times."

Learn more

For more information on sustainable business practices in the automotive and specialty industries, contact your Bank of America Merrill Lynch representative at 1.800.995.2336 or visit us at bankofamerica.com/dealerservices.

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