

**Montgomery County Green Bank Board of Directors Meeting
Wednesday May 1, 2019 at 1:30 PM**

Montgomery County Green Bank | 155 Gibbs St | Rockville, MD 20850

Board of Directors Meeting Minutes

1. Montgomery County Green Bank (“MCGB”) Board of Directors (“Board”) Chair Bert Hunter called the meeting to order at 1:37 PM.

Roll call confirmed the attendance of the following:

- Ms. Hope Brown (Board Secretary), Vice President and Chief Compliance Officer, Calvert Funds (By phone at 2:13; in-person at 2:46 PM)
- Mr. Michael Gergen, Partner, Latham & Watkins (By phone)
- Mr. Bert Hunter (Board Chair), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission
- Ms. Bonnie Norman (Board Vice-Chair), President, E3 International, LLC
- Mr. Adam Ortiz, Director, Department of Environmental Protection, Montgomery County
- Mr. Robert Sahadi, Managing Principal, GreenSpace Investment
- Ms. Stacy Swann (Board Vice-Chair), CEO and Founding Partner, Climate Finance Advisors, Benefit LLC (By phone; in-person at 2:46 PM)

A quorum was present.

Absent Board Members:

- Mr. Robert Hagedoorn, Chief of Fiscal Management, Department of Finance, Montgomery County
- Ms. Marcene Mitchell, Global Head, Climate Strategy and Business Development, IFC/World Bank Group

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, MCGB
- Ms. Rosemarie Sabatino, Director of Business Operations, MCGB
- Mr. Joshua Myers, Administrative Assistant, MCGB
- Mr. Stan Edwards, Special Advisor to MCGB, Montgomery County Department of Environmental Protection (“DEP”),
- Ms. Lindsey Shaw, Montgomery County DEP
- Ms. Mary Casciotti, Montgomery County Department of Finance
- Mr. Karl Held, a member of the public

2. Public Introductions and Comment

Mr. Hunter asked if any members of the public were present. One member from the public, Mr. Karl Held, was present. Mr. Held commented that he was attending the meeting to listen and learn about MCGB.

3. Approval of the Agenda

Mr. Hunter reviewed the proposed agenda for the meeting with the Board, which decided that approval of the minutes would wait for Ms. Brown's in-person arrival. The revised meeting agenda was then approved.

4. Administrative Business

Mr. Hunter opened with a review of the Board's work since the last Board meeting and thanked the Finance and Operations Committee for its work on the Draft FY20 budget and workplan that is at the core of today's meeting, the Product Development and Investment Committees for their efforts on several products that will be discussed at the meeting, and the Partnership and Funding Committee for its work on the Montgomery County ("County") mid-year report and finalizing the County contract.

Mr. Hunter next turned to Mr. Deyo to provide the CEO Report.

Mr. Deyo spoke about the Commercial Loan for Energy Efficiency and Renewables ("CLEER") and a pipeline of potential projects that are currently being actively discussed. He described the transaction pipeline, which included a business condominium and several common ownership residential projects. Mr. Deyo remarked that he expected to see more information in the coming weeks on prospects.

Mr. Deyo then updated the Board on outreach and marketing efforts for CLEER by MCGB, including approving four new contractors and conducting a training exercise with a potential new CLEER lender to inform their public-facing business technical assistance providers about MCGB and Pepco incentives. He noted that MCGB has contracted a marketing firm and a communications contractor to aid in social media outreach and the marketing of CLEER. Additionally, MCGB has reached out to County Councilmembers, faith-based community leaders, and County administrators. Mr. Deyo also mentioned an upcoming training with the Commission on Common Ownership Communities and a webinar that MCGB will be doing with Interfaith Power and Light to help market CLEER to new constituencies.

Mr. Deyo updated the Board on the pilot community solar transaction in process, mentioned that previous concerns had been addressed, and that the project is moving forward. Mr. Deyo also highlighted that five affordable housing property owners with a total of seven properties had submitted applications for the technical assistance pilot. These applicants will be assessed to get to two owners who will be given thorough reviews before selecting the one for the full effort under the pilot. Mr. Deyo ended with a note that MCGB has been in discussions with Inclusive Prosperity Capital on a possible solar power purchase agreement relationship for nonprofits.

Mr. Deyo informed the Board about several outreach items, including an upcoming regional convening sponsored by MCGB with several area entities working in the green bank sector, meetings with County Councilmembers, attendance at GreenFest and the Energy Summit, and working with a new firm hired to support MCGB marketing efforts.

Mr. Hunter then asked Mr. Edwards to present the DEP report to the MCGB Board. Mr. Edwards informed the Board on several items, including new legislation being worked on for CPACE for new construction, work on climate planning with a focus on mitigation and resiliency, and outreach efforts that have been successful in the single-family area to get residents to participate.

5. General Business

a. Partnerships & Funding Discussion

Ms. Norman provided the Board with an overview of partnerships and funding activities. She affirmed that the County contract that had been under negotiation was officially signed and now in place. She next congratulated Mr. Deyo for making it to the next round of the Town Creek Foundation grant competition. Ms. Norman noted that the Town Creek Foundation grant is a transformative initiative and aligns well with the work the MCGB is doing. She further noted that she is thrilled that MCGB is part of the collaboration that is a finalist.

Ms. Norman then asked Mr. Deyo to discuss other fundraising matters. Mr. Deyo summarized several items including the funds from the County contract, the Town Creek Foundation award potential, and another funder's invite of MCGB to apply for funding based on a concept paper previously submitted.

Ms. Brown joined the meeting by phone at 2:13 PM.

b. Finance and Operations

Mr. Marconi provided an overview of the most recent Finance and Operations Committee meeting where the draft Fiscal Year ("FY") 2020 budget, MCGB's FY20 Workplan, and MCGB's financial statements for March 2019 had been discussed.

Mr. Marconi then asked if Mr. Deyo could highlight a few key items related to the March 2019 financial statements and ask if any MCGB Board members had questions. Mr. Deyo provided an overview of the MCGB financial statement provided in the Board book. The Board members had no questions on the statements.

Mr. Deyo next informed the Board that he was opening two brokerage accounts in order to invest MCGB funds into money market accounts pursuant to the MCGB Cash Investment Guidelines. One account required a Board resolution to open the account.

The Board considered the following resolution.

R.4: Adoption of Resolution for Fidelity Account

A MOTION TO APPROVE the resolutions required of the Fidelity Brokerage Account as provided to the Board at the May 1, 2019 Board meeting and included as an attachment to this resolution.

Ms. Norman moved the motion; Mr. Ortiz seconded.

All in Favor - 9

All Opposed - 0

Abstained – 0

The MCGB Board next reviewed the draft FY20 Workplan. Mr. Deyo noted that the draft of the FY20 Workplan had been reviewed by the Finance and Operations Committee. He asked the Board to consider and provide comments on the FY20 Workplan before it is brought before the Board in June for adoption.

Mr. Deyo noted that the FY20 Workplan presents the outline of major activities for the MCGB over the course of FY20. The FY20 Workplan consists of four separate components: product development and investment; partnership and development; finance and operations; and governance. Each section includes priority goals, rationales behind those goals, an estimated timeline associated with each goal, and key steps needed to achieve it.

Mr. Deyo walked through Component A for product development and investment. Mr. Deyo noted that the metrics of production would be developed in May and presented at the next Board meeting after consultation with the Finance and Operations Committee. Mr. Hunter suggested that the workplan include collaboration with state and regional entities for the single-family product. Ms. Norman noted that the Town Creek Foundation relationships being developed in community solar be included in the workplan.

Mr. Deyo then walked through Component B for partnerships and funding. With respect to the goal for securing other foundation funding, Mr. Deyo noted that one of the strategies included the Board having a role in identifying opportunities for MCGB to tap for fundraising activities.

Ms. Swann and Ms. Brown arrived at the meeting in-person at 2:46 PM.

Mr. Sahadi indicated that he had been supportive of pursuing designation as a Community Development Financial Institution (“CDFI”) until he saw how long the process takes.

Mr. Sahadi suggested adding a strategy to the CDFI goal for MCGB to evaluate this with the Board during FY20 and decide if this is a meaningful and reasonable goal.

Ms. Norman noted that Mr. Deyo had done a remarkable job reaching out to stakeholders, but indicated that she thought MCGB needed to expand its efforts in this regard, and that a Customer Relationship Management System (“CRM”) would be helpful. She recommended adding a stakeholder management goal, including use of a CRM system, into the workplan.

Mr. Deyo then walked through Component C for finance and operations. Mr. Hunter indicated that a rationale should be added to the Business Model goal for achieving long-term sustainability of MCGB. Mr. Hunter also suggested adding a goal for management of MCGB's cash investment portfolio in accordance with the MCGB Cash Investment Policy. Mr. Hunter and Ms. Swann suggested adding a goal to address data security, data management, and protection against viruses.

Mr. Deyo next walked through Component D on Governance. Ms. Brown asked that the Board be added to the skill development strategy goal. Mr. Hunter also suggested that the concept of support for Board and Officer succession planning be added as a goal.

6. Product Investments Discussion

Mr. Sahadi opened the product development session. After introductory remarks on the work being undertaken and its progress, he asked Mr. Deyo to walk through the Request For Proposals concept ("RFP").

Mr. Deyo described to the Board that the purpose of the RFP is to solicit concepts and ideas for County energy efficiency and renewable energy financing needs and identify how the MCGB can address those financing needs. This will aid MCGB in two ways. First, it will provide data for MCGB to use in developing specific, targeted solutions. Second, this approach allows MCGB to probe whether there is in fact a targetable need that MCGB can address in the market that has gone unanswered.

Mr. Deyo noted that the first RFP developed was to align with the upcoming release of the benchmarking data for properties of 50,000 square feet and larger. Mr. Deyo said that the construct of the RFP was to provide property owners with both: a) an idea of how to access technical assistance if the owner did not have an actual plan for improving their properties, and b) invite ideas for financing for those property owners that had plans but not the resources to undertake. If financing was needed, the RFP would let them know that the MCGB had CLEER as a currently available product and was open to other ideas of financing. The objective of this approach was to both market CLEER and also direct property owners to contractors who could be helpful to those property owners that do not have a plan.

Mr. Deyo confirmed that a combined Board member group from the Product Development and Investment Committees as well as individuals from the Investment Committee and Board Leadership reviewed iterations of the RFP draft. Mr. Deyo asked Ms. Swann to add additional input to detail the purpose of the RFP. Discussion of the RFP effort ensued.

Ms. Swann noted that the RFP was an opportunity for MCGB to identify transactions from building owners whose benchmarking score was lower than they would have liked, and that wide distribution to building owners was desirable. Ms. Swann suggested a marketing approach could be to work with DEP in a cross posting to get the word out. Ms. Swann also asked about how technical assistance would be covered and Mr. Deyo said this would be simply connecting owners to contractors at no cost to MCGB. Mr. Sahadi acknowledged that owners may need technical assistance as well as financing.

Mr. Hunter thought the MCGB should be putting all of its weight behind the benchmarking program and using it for lead generation. Mr. Hunter suggested keeping the opportunity as broad as possible was the right strategy. Mr. Edwards indicated that the County does not have resources to help building owners whose properties received lower scores. Helping them understand how to improve properties would be of benefit.

Mr. Deyo raised his concern that the RFP will run against CLEER and may be confusing and concerning to the market and our partners in CLEER. Ms. Swann recognized the potential but felt this would be a win-win for all as MCGB put out more resources. Ms. Swann and Ms. Brown stated that MCGB can mitigate this concern on CLEER by simply socializing the concept prior to release with the CLEER lenders and contractors so they would know what the MCGB is doing.

Ms. Swann suggested an approach would be to get this established on a landing page and be considerate of the amount of information being requested. Those responding to the RFP should be those needing financing. Mr. Sahadi said it was important to call out CLEER, but this is about seeing what else might be needed. Ms. Swann noted that if MCGB got just 5% of the benchmarked properties that this approach could generate 35 properties, an improvement over the current CLEER pipeline.

At the conclusion of the discussion, Mr. Deyo inquired if any Board member had further comment or concerns. With none raised, Mr. Hunter offered that Mr. Deyo recast the RFP based on the discussion and distribute it to Ms. Swann, Mr. Edwards, and Mr. Sahadi for comment and finalizing. Mr. Hunter inquired if the Board agreed to that approach. There was no objection. Mr. Hunter also directed that MCGB should try to get the RFP out by the end of May, and to post it on the MCGB website.

7. Approval of Minutes

Mr. Hunter turned to Ms. Brown for approval of the Board minutes.

Ms. Brown stated the Board had been provided with the minutes for the March 20, 2019 Board meeting. She asked if any fellow Board members had comments or suggestions. None were raised.

Ms. Brown next asked if there were any comments on the minutes for the special Board meeting on April 4, 2019. Ms. Swann asked that the spelling of her name be corrected.

Ms. Brown asked for the Board to vote on approval of the resolutions.

R1: Approval of Minutes for the March 20, 2019 Board of Directors Meeting

A MOTION TO APPROVE the minutes of the March 20, 2019 Board of Directors Meeting.

R2: Approval of Minutes for the April 4, 2019 Special Meeting of the Board of Directors

A MOTION TO APPROVE the minutes of the April 4, 2019 Special Board of Directors Meeting.

Ms. Swann moved the motion to approve both minutes; Ms. Norman seconded.

All in Favor - 9
All Opposed - 0
Abstained - 0

8. Finance and Operations – Part 2

The Board moved to a discussion of the draft the FY20 budget. Mr. Deyo walked through the PowerPoint he had prepared to provide the Board with an overview of the draft FY20 budget. He explained that the draft budget was developed with Mr. Marconi and the Finance and Operations Committee. A couple new items were added to this presentation compared to FY19. A new schedule provides the Board with a preview of where capital in the organization will be by the end of the year. Also, a fundraising plan was included in the document, which identifies sources of funding and organizes them into ones that would be a high level of certainty and others that were considered “blue sky” – or less likely to be received. Mr. Deyo also outlined the new County contract’s impact on the budget and reviewed a flow chart that he developed that visually describes how the budget functionally works and how funds flow through the organization.

Mr. Hunter praised Mr. Deyo for the work on the flow chart, which makes the County contract easily understandable in relation to the flow of funds.

Ms. Norman questioned the strategy for including fundraising dollars in the budget that are not yet committed. Mr. Deyo indicated that the Fundraising Schedule shows the funds and two potential categories to try and identify the higher potential and lower potential revenue. Mr. Deyo also indicated that this Fundraising Schedule could be amended by June once there might be some certainty about funds presently being sought. Mr. Hunter suggested that there should be items in the expense side that relate to the fundraising funding if not achieved. Mr. Deyo noted that funds received in FY19 would be revenue in FY19 and not in FY20; yet the funds would be available in FY20 to cover FY20 budget items. Mr. Deyo also noted that if fundraising dollars were not achieved in FY20 then the Board would be presented with this in the future and can take a position to decide which items to not go forward with, or to spend more of the MCGB funds to fund the budget if the fundraising were not received.

Mr. Deyo also explained the reimbursement from the County for both the Customer Investment Fund (“CIF”) general administrative expenses and the Task 2 to 5 expenses. Mr. Deyo indicated that the approach being taken is to request reimbursement for all eligible CIF general administrative expenses during the year and not consider offsets of interest income or other revenues to these expenses as doing so would cause undue administrative burden. The Board

had no objection to this approach. Ms. Swann offered that the presentation showed substantial positive net revenue to MCGB for the year given the reimbursement strategy.

Mr. Deyo next reviewed the proposed FY20 organization chart for MCGB. Mr. Deyo noted that the staff chart showed one additional full-time position to be hired to manage the work under the Task 2 to 5 work of the new County contract. This position was in the budget and paid from reimbursement of the Task 2 to 5 expenses.

Mr. Deyo also noted that the current staffing approach has MCGB using consultants to handle much of its workload, including that of product development. Mr. Deyo noted that MCGB is becoming a major procurement and consultant management company to achieve its outcomes. Mr. Sahadi indicated that he was concerned about this approach and that MCGB should consider whether it is time to bring on other full-time staff to undertake the work of MCGB. Mr. Hunter said it should be considered in terms of sustainability and if there are programs that are proving themselves then it may make sense to consider full time staff. Mr. Deyo was also asked to revise the proposed organizational chart for more clarity.

Mr. Deyo also directed the Board to the schedule showing the potential use of the 15% of the CIF funds for general administrative work. Mr. Deyo noted that the additional County funding would provide substantially more interest income in FY19 than originally projected. Mr. Deyo suggested that MCGB should reserve \$75,000 of this new interest income for use in support of the single-family residential product being made available throughout the County. Doing so would only use a small additional amount of the 15% CIF allocation and have MCGB using only 5.73% of the 15% at the end of FY19 compared with 5.12% if \$75,000 was not reserved. The Board concurred with the strategy to use the \$75,000 for a County-wide single-family product.

After further discussion, the Board considered a motion to move into closed session.

R.3: Closing Statement

This closing statement was prepared by CEO, Tom Deyo, and I, Bert Hunter, Chairperson of the Board of Directors, attest to its compliance with the Maryland Open Meetings Act. Per §3-305(d) of the Maryland Open Meetings Act, I move to convene a closed session.

In this closed session, the Board of Directors will discuss certain matters related to the investment of public funds of the Montgomery County Green Bank, per the “investment of public funds” exception §3-305(b)(5).

Mr. Hunter moved the motion; Mr. Sahadi seconded.

All in Favor - 9
All Opposed - 0
Abstained – 0

Ms. Casciotti, Ms. Shaw, and Mr. Held left the meeting room.
The closed session then began at 4:30 PM.

Mr. Gergen, Mr. Ortiz, Mr. Deyo, Ms. Sabatino, and Mr. Myers left the closed session at 5:13 PM and the meeting venue of the closed session was moved.

The closed session and the Board meeting were adjourned at 6:47 PM.