

Montgomery County Green Bank Corporation (“MCGB”)

Board of Directors Meeting

Wednesday July 19, 2017 at 1:30pm

Montgomery County Chamber of Commerce | 51 Monroe St, Suite 1800 | Rockville, MD

Board of Directors Meeting Minutes

1. MCGB Chairman Bert Hunter called the meeting to order at 1:38 pm.

Roll call confirmed the attendance of:

- Hope Brown, VP and Chief Compliance Officer, Calvert Research and Management /Calvert Funds
- Lisa Feldt, Director, Montgomery County Department of Environmental Protection (“DEP”)
- Michael Gergen, Partner, Latham & Watkins (by phone)
- Bert Hunter, Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Bonnie Norman, Principal, Chief Marketing Officer, E3 International LLC
- Bill Parsons, Executive Director, JDRF Greater Chesapeake and Potomac Chapter
- Brian Marconi, Senior Manager, Cohn Reznick LLP
- Stacy Swann, Founding Partner, Climate Finance Advisors, Benefit LLC
- Alex Espinosa, Director, Montgomery County Department of Finance
- Zach Marks, Assistant Director, Housing Opportunities Commissions

Quorum met.

Board members not present:

- Bob Sahadi, Director, Energy Efficiency Finance Policy, Institute for Market Transformation

Other meeting attendees included:

- Tom Deyo, MCGB
- Alex Kragie, Coalition for Green Capital
- Stan Edwards, Montgomery County DEP
- Mary Casciotti, Montgomery County Department of Finance

Guests:

- Stuart Clarke, Town Creek Foundation

2. Approval of Agenda

3. Approval of May meeting minutes

Ms. Norman made a motion to approve the minutes from the June 14, 2017 Board of Directors meeting. Mr. Espinosa seconded the motion.

R.1: Approval of Minutes

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for June 14, 2017.

All in Favor: 6

All Opposed: 0

Mr. Marks and Ms. Feldt had not yet arrived. Mr. Parsons and Mr. Marconi abstained as they were not present at the 6/14/17 meeting.

4. Administrative Business

Investment Discussion:

Mr. Deyo investigated a number of different options for partial investment of the MCGB's initial capitalization. Two criteria needed to be met: where the MCGB could have its full investment be FDIC insured and where the MCGB could get the best rates on its investment. Mr. Deyo presented a summation of the responses from one national bank where MCGB presently has its funds and two community banks that had replied to MCGB's inquiries about Certificate of Deposit Account Registry Service (CDARS) and Insured Cash Sweep Accounts. Ms. Feldt asked about how the separation between operating and investment accounts would be managed within our chosen financial institution. Mr. Deyo said that he was not aware of the details of the internal control policies of the banks Mr. Hunter noted that at the Connecticut Green Bank (CGB), the two different accounts (operating and investment) were viewed as unrelated to each other from the point of view of the CGB. Mr. Hunter further noted that staff would develop an investment policy with the relevant Board working group for Board consideration and adoption to guide future investment decisions.

R.8: Adoption of MCGB CDARs Investment Plan

By recommendation of the Board Leadership work group, A MOTION TO ADOPT the proposed CDARs investment plan with Revere Bank and/or United Bank as set forth in the memorandum from the CEO to the Board on July 19, 2017.

Mr. Parsons made a motion to approve the resolution, Ms. Brown seconds. Motion passes unanimously among all directors present.

All in Favor: 9

All Opposed: 0

Closed Session:

R.6. 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 will discuss the staffing of the MCGB, per the “personnel matters” exception §3-305(b)(1). The reason for closing the meeting is to discuss compensation and benefits for positions, and the process for determining the same.

All in Favor: 9
All Opposed: 0

R.7: Adoption of MCGB Staffing Plan

By recommendation of the Board Leadership Work Group, A MOTION TO ADOPT the proposed staffing for FY18 and assign to Board Leadership Work Group to finalize the implementation of this plan with the CEO for the MCGB.

Ms. Norman made a motion to adopt the proposed staffing plan for FY 2018 and assign to Board Leadership Work Group to finalize the implementation of this plan with the CEO for the MCGB . Ms. Brown seconded, and the motion passed unanimously among those Directors present.

All in Favor: 9
All Opposed: 0

Mr. Espinosa departed the meeting prior to the vote.

5. Public Introductions and Comment – Stuart Clarke from the Town Creek Foundation introduced himself to the Board.

Mr. Hunter and the full Board expressed appreciation to Mr. Clarke for the work that the Town Creek Foundation does, and especially for the support Town Creek has given the MCGB. Mr. Clarke reported that the Town Creek Foundation has made a grant to support work to create a Baltimore Green Bank, which is beginning with a single product that is a loan loss reserve focused on low-income community solar.

6. Administrative Business (Continued)

CEO Report: Mr. Deyo noted that the MCGB had received its 501(c)(3) status as well as approval to use the MCGB name along with the tagline “Your Partner for Clean Energy” from the MD Department of Labor, Licensing, and Regulation. Moving forward, his top priorities will be to contract with auditor, and to make progress on product development, as well as building out the website. Mr. Deyo also noted that he will be prioritizing outreach , now that internal management activities have been largely attended to at this point.

7. General Business

Audit and Budget Work Group Update:

Mr. Marconi reported that the RFP has been completed for an auditor, and is being presented to the Board for any feedback since the auditor will report to the Board. The Audit and Budget work group will serve as the review committee for responses received. The activity contracted for would be for a financial statement review for FY 2017 with options for a from-inception audit for

FY 2018 and a full audit in FY 2019. The Board indicated that it was comfortable with the auditor RFP to be issued.

Mr. Marconi presented the MCGB's financial statements. Ms. Swann and Ms. Norman asked about the distinctions between permanently restricted, temporarily restricted, and unrestricted as noted on the statements.

Mr. Deyo noted that a revised FY 2018 budget was being presented for review and adoption of a corrected budget, with the only substantive edit being a correction of a summation error in a formula on the previously approved budget that led to the overall budget total not including one line item shown on the budget from the Professional Services portion of the budget.

R.2. Adoption of MCGB FY18 Budget

By recommendation of the Audit and Budget Work Group, A MOTION TO ADOPT a corrected budget for tally errors on the FY 2018 budget approved at June 14, 2017 Board meeting for the Montgomery County Green Bank.

Mr. Parsons made a motion to adopt the MCGB's FY 2018 corrected budget. Ms. Brown seconded, and the motion passed unanimously among those Directors present.

All in Favor: 9
All Opposed: 0

8. Administrative Business (Continued)

Mr. Edwards gave an update on DEP activities, including new commercial PACE projects in the pipeline, a meeting that Mr. Edwards and Ms. Feldt held with the MC Economic Development Corporation, an update on the County's energy coach program, and DEP's efforts to connect MCGB to key partners.

Mr. Deyo presented the final annual report that will be submitted later in the day, along with the draft FY 2017 financial statements, to the County Executive and County Council.

Mr. Deyo also presented slides on a draft concept for a strategic framework for the MCGB based on past work of the Board and other materials. Board members commented on several of the environmental scan elements and statements summarizing goals and objectives, including a comment that a big picture outcome be considered for the success measures section to the strategic framework. Mr. Deyo indicated he would finalize this strategic framework in advance of the September Board meeting, and present for the Board for adoption as the operating strategy for MCGB.

Mr. Deyo also proposed September 28th as a rescheduled date for the September Board meeting due to a conflict, and the Board approved the new date.

9. General Business (Continued)

Product Development Work Group Update:

Ms. Norman introduced the Product Development work group portion of the agenda. Mr. Deyo presented a draft product decision framework for the Board's consideration. The Board offered comments on the framework that will serve as the analytical tool for the Board to assess financial

products proposed for adoption and implementation by MCGB. Mr. Kragie then gave an update on the MCGB's product development activity over the past month. He noted that the commercial loan loss reserve product and the residential loan loss reserve product are slated to be the first two programs, with a fall target for the commercial program launch and a target of winter-spring for residential program. As to the commercial loan program, Mr. Kragie noted that it had been confirmed through a contractor focus group and other industry discussions that there was a market need for low-cost financing for clean energy and energy efficiency projects below the level at which PACE is economical. Mr. Kragie also said that the MCGB would likely need to take a "spectrum" approach to working with lenders at various loan sizes, with a non-depository financial institution filling the lower-dollar end of the spectrum and community banks lending in the space above that. Mr. Kragie noted that the primary task in the upcoming days will be developing a term sheet that is agreeable to initial lender partners. Mr. Deyo then noted that MCGB is looking at this initial commercial loan program as a pilot designed to learn and build a more robust program. The pilot will be limited for one year, use only a portion of the capital available to MCGB and thus limit the production level, and require partners who are willing to work and learn along with MCGB. Given these constraints, Mr. Deyo stated that he believes that the best approach for MCGB is to work with lenders willing to commit time and resources to this program and solicited through discussions rather than through an RFP. After the conclusion of the non-competitive pilot period, the program will be opened up to the broader market. Mr. Hunter noted that the CGB had approached its loan loss reserve pilot program in a similar fashion. After discussion, the Board concurred that this appears to be an acceptable way to proceed with solicitation of lenders and not to conduct an RFP for the pilot.

The Board discussed the CGB's partnership with Posigen, a low-income solar installer operating in Connecticut and Louisiana. Mr. Parsons noted that energy efficiency should be a strong priority across the organization, and that efficiency should be looked at as a prerequisite before installation of generation. Ms. Norman indicated that Posigen is interested in participating in the DC and Montgomery County market. Ms. Feldt asked that such a program be reviewed for fit within the solar program offerings in the county.

Fundraising and Finance Work Group Update:

Ms. Norman led the Fundraising and Finance work group update portion of the meeting. The Board agreed to add energy efficiency to the organization's vision statement, and to reverse the order of the wording of clean energy and energy efficiency in the organization's mission statement.

R.3: Adoption of MCGB Mission and Vision

By recommendation of the Funding and Finance work group, A MOTION TO ADOPT the Mission and Vision statements, as amended, for the MCGB.

Ms. Swann made a motion to approve the organization's mission and vision statement. Ms. Feldt seconded, and the motion passed unanimously among those Directors present.

All in Favor: 9

All Opposed: 0

Governance Work Group Update:

Ms. Brown led the Governance work group update. Ms. Brown stated that the Governance Work Group reviews all policy changes. Ms. Brown recommended that all housekeeping and formatting changes to governance documents are run through the Governance work group and approved by the Governance Work Group, and that only material changes be brought before the full Board. Any edits made to the bylaws would be submitted for 60-day review before County Council. The Board concurred with this recommendation.

Mr. Deyo guided the Board through a proposed Procurement Policy for the MCGB. Ms. Feldt asked whether the county contract had any procurement requirements that needed to be included in the Procurement Policy. Mr. Deyo said that MCGB staff would double-check to make certain if there were any such requirements. Ms. Swann asked staff to review the policy for a potential future amendment to handle situations when aggregate amounts of contracts to a single contractor in a year would exceed a procurement boundary of the policy.

R.4: Adoption of MCGB Procurement Policy

By recommendation of the Governance work group, A MOTION TO ADOPT a Procurement Policy for the Montgomery County Green Bank, provided that the CEO will determine that any procurement is not in conflict with the contract between Montgomery County and the MCGB.

Ms. Norman made a motion to adopt a Procurement Policy for the Montgomery County Green Bank, provided that the CEO will determine that any procurement is not in conflict with the contract between Montgomery County and the MCGB. Ms. Swann seconded, and the motion passed unanimously among those Directors present.

All in Favor: 9
All Opposed: 0

Mr. Deyo led the Board through a proposed travel and expense reimbursement policy.

R.5: Adoption of MCGB Travel and Expense Reimbursement Policy

By recommendation of the Governance work group, A MOTION TO ADOPT a Travel and Expense Reimbursement Policy for the MCGB.

Ms. Feldt made a motion to adopt a Travel and Expense Reimbursement Policy for the MCGB. Mr. Marconi seconded, and the motion passed unanimously among those Directors present.

All in Favor: 9
All Opposed: 0

Mr. Deyo presented a Board governance calendar to the Board. Ms. Brown asked that the date of the re-signing of Conflict of Interest policies be added, and Mr. Hunter requested that the date of the September meeting be changed to the 28th, and a telephonic Board call be added in April to consider FY18 draft work plan and budget.

Mr. Deyo then presented a legal RFP for the Board's input and understanding that this was to be released in coming weeks. It was noted that this approach entails compiling a roster of attorneys that could be called upon to support needs of the MCGB but there was not guarantee of work in the solicitation.

Ms. Swann gave an update on Board member recruitment, with a goal of bringing a list of 2-3 candidates to the September Board meeting. The Board then gave tributes to Mr. Parsons's service on the MCGB Board, and thanked him for his contributions.

Ms. Brown also noted that there would be a training on the role of a Director during a Fall Board meeting after the appointment of a new director.

10. Additional Items

None

11. Adjournment

Mr. Parsons proposed a motion to adjourn, seconded by Ms. Brown. The motion passes unanimously among Directors present.

The Green Bank Board of Directors is scheduled to meet at 155 Gibbs Street, Suite 400.:

- **Thursday September 28, 2017 from 1:30-5:00pm**

For inquiries about the Green Bank Board of Directors, to access meeting materials, or for information about attending a meeting, please contact the Montgomery County Green Bank at info@mcgreenbank.org. at