

**Montgomery County Green Bank Corporation (“MCGB”)**  
**Board of Directors Meeting – Special Meeting**  
**Thursday August 31, 2017 at 8:00 am**  
Telephone Conference Call

**Board of Directors Meeting Minutes**

**1. MCGB Vice Chair Bonnie Norman called the meeting to order at 8:00 am**

Roll call confirmed the attendance of:

- Hope Brown, VP and Chief Compliance Officer, Calvert Research and Management /Calvert Funds
- Michael Gergen, Partner, Latham & Watkins
- 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
- Lisa Feldt, Director, Montgomery County Department of Environmental Protection (“DEP”)

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

**2. Approval of Agenda**

Mr. Parsons made a motion to approve the agenda from the August 31, 2017 Board of Directors meeting. Ms. Brown seconded the motion.

All approved motion.

### **3. Discussion on recommendation of Directors and Officers (“D&O”) and Employment Practices Insurance**

Mr. Deyo presented a policy proposal from Philadelphia Insurance Companies for \$1 million in D&O Insurance and \$1 million in Employment Practices Liability with an aggregate limit of \$1 million. Mr. Deyo pointed out the loan exclusion of the policy. A discussion was held around the loan exclusion to seem to more broadly apply to losses in loans, and could be interpreted to apply to MCGB for loans originated by others under a MCGB program. It was recognized that the insurer may take such position and MCGB would need to take position that its actions were indirect and not loan activity. Ms. Norman asked that staff keep apprised of this as we look at future D&O policies. Ms. Norman also asked that MCGB look at higher coverage limits when MCGB has more assets.

#### **R.1: Adoption of Philadelphia Insurance D&O Policy**

By recommendation of the Board Leadership work group, A MOTION TO ADOPT the D&O and Insurance Practices Insurance Policy as presented for Philadelphia Insurance Companies.

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

All in Favor: 9  
All Opposed: 0

#### **Closed Session:**

#### **R.2. Closing Statement**

This closing statement was prepared by CEO, Tom Deyo, and, I, Bonnie Norman, Vice Chair 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 selection of an auditor for the Montgomery County Green Bank, per the “procurement exception” under Section 3-305(b)(14). The reason for closing the meeting is to discuss procurement of services where a public discussion would adversely impact the ability of MCGB to participate in a competitive bidding process.

All in Favor: 9  
All Opposed: 0

### **4. Discussion on Recommendation and Approval for Auditor**

Mr. Marconi presented the recommendation to the Board of Directors for selection of Hertzbach as MCGB’s auditor. Mr. Marconi summarized the process for review of the three submissions

for audit services relative to a July 20, 2017 RFP seeking audit service submissions for a three-year period. The Review Committee included a team of 2 Board members, an adjunct member of the MCGB team, and the CEO. This review was followed by a call and interview of two references. The Review Committee concluded, and Brian Marconi as head of the Audit and Budget Work Group recommended Hertzbach to the Board for final approval as the MCGB auditor. Mr. Espinoza inquired about the FY17 audit versus financial review and Mr. Marconi indicated the recommendation was to proceed with the full FY17 audit since it was only a \$1,000 difference in price between the two and that an inception review would be needed in FY18 if the FY17 audit was not conducted in FY17. MR. Espinoza also inquired as to the pricing for two option years and how this would be handled. Mr. Deyo and Mr. Marconi indicated this indicative pricing would be included in the first-year engagement letter but would be signed separately for each year when full scope is understood for the audit for those years. Mr. Espinoza also inquired about the Form 990 and Mr. Deyo indicated that a contact at the IRS said this was not necessary for FY16 and we should prepare for FY17, and that Hertzbach stated that MCGB could seek an extension to the November 15th deadline without penalty if there were issues in meeting this deadline. Ms. Norman asked about whether we should be concerned about the federal single audit. Mr. Marconi indicated he had no concerns as this would not be necessary for the foreseeable future until MCGB reaches \$750,000 in federal funds. Mr. Marconi did note that when this audit is done it would require substantial compliance work.

### **R.3: Adoption of Selection MCGB Auditor**

By recommendation of the head of the Audit and Budget work group as reflected in the memorandum to the Board of Directors dated August 24, 2017, A MOTION TO approve Hertzbach as the MCGB auditor subject to successful negotiation of contract.

Mr. Hunter made a motion to approve the resolution, Mr. Espinoza seconds. Motion passes unanimously among all directors present.

All In Favor: 9

All Opposed: 0

## **5. Adjournment**

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