

Montgomery County Green Bank Corporation (“MCGB”)

Board of Directors Meeting

Wednesday January 10, 2018 at 1:30pm

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

Board of Directors Meeting Minutes

1. MCGB Vice Chairman Stacy Swann called the meeting to order at 1:34 pm.

Roll call confirmed the attendance of:

- Hope Brown, VP and Chief Compliance Officer, Calvert Research and Management, Calvert Funds
- Michael Gergen, Partner, Latham & Watkins (by phone)
- Bert Hunter, Executive Vice President and Chief Investment Officer, Connecticut Green Bank (by phone for first part of meeting; then in person)
- Bonnie Norman, Principal, Chief Marketing Officer, E3 International LLC
- Alex Espinosa, Director, Montgomery County Department of Finance
- Brian Marconi, Senior Manager, Cohn Reznick LLP (by phone and then in person)
- Stacy Swann, Founding Partner, Climate Finance Advisors, Benefit LLC
- Bob Sahadi, Senior Advisor, Institute for Market Transformation (arrived at 1:50 pm)
- Marcene Broadwater, Head of Business Development, Climate Business Department, International Finance Corporation (by phone and then in person)
- Patty Bubar, Acting Director, Montgomery County DEP (originally as guest and then formally seated as a Board member at this meeting)

Quorum met.

Board members not present:

- Zach Marks, Assistant Director, Housing Opportunities Commissions

Other meeting attendees included:

- Bob Taylor, Energy Pathways
- James Moore, COO, Brightline Strategies
- Michal Freedman, Montgomery County Sierra Club
- Peter Drown, Recurrent
- Laura Kieley, Brightline Strategies
- Kristine Babick, DC Department of Energy and Environment (phone)
- Tom Deyo, CEO, Montgomery County Green Bank (MCGB)
- Alex Kragie, Coalition for Green Capital, consultant to MCGB
- Stan Edwards, Montgomery County DEP, Special Advisor to MCGB
- Mary Casciotti, Montgomery County Department of Finance
- Rosemarie Sabatino, Director of Operations for MCGB

2. Approval of Agenda

Ms. Norman makes a motion to approve the meeting agenda; Mr. Espinosa seconds.

All in favor for approval of the agenda for the Board of Directors Meeting for January 10, 2018: 7
All Opposed: 0

3. Approval of November and December Special BOD meeting minutes

R.1: Approval of Minutes for the November 15, 2017 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for November 15, 2017.

Mr. Espinosa moves the motion; Ms. Brown seconds.

All in favor for approval of the minutes for the Board of Directors Meeting for November 15, 2017: 7.
All opposed: 0.

R.2. Approval of Minutes for the December 21, 2017 BOD Special Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Special Meeting for December 21, 2017.

Mr. Espinosa moves the motion; Ms. Brown seconds.

All in favor for approval of the minutes of the Board of Directors Meeting for January 10, 2018: 7. All opposed: 0.

4. Administrative Business

Report from the Board Chair, the CEO and DEP Report:

Ms. Swann read the Board Chairman's report, which included an update on the impending Commercial Loan for Energy Efficiency and Renewables (CLEER) program launch, and a thank you to Mr. Michael Dow, legal counsel, for his work with staff on CLEER. The report also informed the Board that the Board Leadership has started a conversation around committee configurations and assignments. In terms of fundraising, an anonymous donation has been received from a local foundation, and a current funder has invited the MCGB to submit a full proposal. Lastly, the Chairman thanked all of the Working Group participants for their efforts to move the MCGB's agenda forward.

R.3. Seating of Patty Bubar as Board Member

WHEREAS, Bill 18-15, passed by the Montgomery County Council in June of 2015, allows for the appointment of up to eleven (11) Directors to the Board of Directors of the Montgomery County Green Bank.

WHEREAS, the Montgomery County Green Bank Bylaws as of June 14, 2017 state that the powers of the Montgomery County Green Bank Corporation are vested in and exercised by a Board of Directors.

WHEREAS, Lisa Feldt, an ex-officio Board of Directors member, resigned from the Board on November 3, 2017.

NOW, therefore be it:

RESOLVED, that Patty Bubar, Acting Director of the Montgomery County Department of Environmental Protection, be added to the Board as an ex-officio Board member to replace the seat vacated by Lisa Feldt.

Ms. Norman moves the motion. Mr. Espinoza seconds.

All in favor for approval of adding Ms. Bubar as an ex-officio Board member: 8. All opposed: 0.

Mr. Deyo next provided the CEO report. He noted that most of the staff work that had been performed in the last month was devoted to the CLEER product, which is on the verge of launching with two initial lender partners. He recognized the efforts of Mr. Michael Dow, legal counsel, on the CLEER Program's documentation, and Mr. George Bellas of the Connecticut Green Bank. Mr. Deyo also reported that a \$25,000 gift had been received from an anonymous local foundation, and that the County Executive had approved the plan for release of the second tranche of Customer Investment Funds and would be moving toward an amendment of the county contract for funds. Mr. Deyo also reported that Rosemarie Sabatino had officially joined the organization on December 4, 2017.

Mr. Edwards gave the DEP update. Mr. Edwards said that the 2018-2021 EmPower Plan has been approved and he indicated that Pepco is considering reducing the size of the Trade Allies Program. Mr. Edwards provided an update on the County's Energy Coach program as well as the County's Benchmarking efforts. He also noted that CPACE has a promising pipeline.

5. General Business

a. Fundraising and Finance Work Group:

Mr. Deyo reviewed the MCGB Strategic Framework document presented to the Board at past Board meetings and noted that it was being presented for adoption at this meeting. Ms. Norman and Ms. Broadwater suggested a couple minor edits to the presented document.

R4: Adoption of MCGB Strategic Framework

By recommendation of the Board of Directors Leadership work group, A MOTION TO ADOPT the MCGB Strategic Framework presented at the January 10, 2018 Board of Directors meeting as the strategic outline for MCGB's efforts and work over FY18 and FY19 with edits as discussed and agreed during the presentation at the meeting.

Ms. Brown moves the motion. Ms. Broadwater seconds.

All in favor for approval of the MCGB Strategic Framework: 10

All opposed: 0.

Ms. Norman then introduced Mr. Moore to give an overview of the MCGB's communications strategy. Mr. Moore began by noting that Laura Kieley will be MCGB's new relationship manager. He reviewed with the Board the purpose of the communications plan, which includes setting metrics, creating messages, managing different audiences, and assigning dates to tasks.

Mr. Moore next presented a potential promise statement for MCGB developed with the Fundraising and Finance Work Group of "We have the resources, tools, and connections to help you achieve energy

savings. Our Green Helps You Go Green.” This promise statement is meant to be an external message of simplicity about what MCGB offers the marketplace. It is meant to go along with MCGB’s name and be the follow-on that helps explain what we do.

Mr. Moore next described the messaging definition process that MCGB had gone through, which is a modified SWOT strategy. This process helps define a series of messages for different audiences and situations. The result was numerous messages that MCGB can build around in its plan.

Ms. Kieley from Brightline then gave a more in depth look at the communications work slated to be done by Brightline in the coming months. This includes content generation, media monitoring, and sharing of successes and results. Brightline also will take over the Green Bank newsletter from the Montgomery County DEP. Ms. Kieley encouraged all board members and members of the public present to engage with the Montgomery County Green Bank’s social media presence. Ms. Kieley also outlined the process for creating a video for storytelling on the MCGB website.

Mr. Deyo then explained in conjunction with Brightline how the MCGB would communicate the successes of the MCGB to municipalities and counties across Maryland, including via the MCGB one-pager pamphlet included in the Board materials, and a likely planned event later in the spring.

Mr. Deyo gave a fundraising status update. He indicated that MCGB had been invited to apply to a Maryland foundation for a second grant and that he has been in contact with other potential funders, too.

Mr. Deyo also gave a presentation on the projected business model of the MCGB, including under a stress scenario. He indicated that after five years, the projections show MCGB at an 80% sustainability ratio. Mr. Espinosa asked MCGB staff to validate our approach to calculating the administrative funds use ratio with the County Administrator for our County contract. Mr. Marconi inquired whether the business model should be geared toward a breakeven point for the organization and if MCGB is okay with the negatives and not sustainability in its early year projections; that MCGB goal is to not just use the funds, but also receive an income. Ms. Norman indicated that MCGB is trying to catalyze the market, and the challenge is over the long run, how do you keep that going. Mr. Hunter noted that without a large enough portfolio, it will be hard to be sustainable, and all of the green banks are struggling with this. Mr. Hunter noted that if see a drop off in production, then will need to adjust model.

Ms. Swann then introduced a resolution to alter the MCGB mission statement, as reflected below.

R.5: Adoption of Amended MCGB Mission Statement

By recommendation of the Funding and Finance work group, A MOTION TO AMEND the Mission statement for the Montgomery County Green Bank as follows:

The Montgomery County Green Bank is a publicly-chartered nonprofit dedicated to accelerating affordable energy efficiency and clean energy investment in Montgomery County, MD. We partner with the private sector to build a more inclusively prosperous, resilient, sustainable, and healthy community. Our work supports Montgomery County’s goal to reduce its greenhouse gas emissions.

Mr. Hunter moves the motion; Ms. Brown seconds.

All in favor of the motion to amend the MCGB mission statement: 10.

All opposed: 0

b. Product Development Work Group Update:

Mr. Sahadi reviewed the product development pipeline, including a process that staff has undertaken to explore the possibility of outsourcing some work related to establishing a residential loan loss reserve program. Mr. Hunter gave an update on a meeting that BOD leadership had with a County official who is considering procuring electric buses for the county which might lead to an opportunity for the MCGB. Mr. Sahadi indicated he would be talking with Product Development Work Group about holding a strategic session in next several weeks to review product development for 2018.

Ms. Sabatino gave an update on the progress of the CLEER program. Mr. Deyo then gave an update on a potential CPACE MCGB program and MCGB's continuing review of methods to support the construction period of CPACE loans. Mr. Deyo also raised a new prospect brought to MCGB by another entity about being a small investor among many investors in incubation of clean energy businesses in the county. Ms. Sabatino gave an update on data collecting and reporting efforts related to the county contract. MCGB was asked to check with the County Administrator for our County contract on MCGB counting interpretations of the reporting measures.

c. Audit and Budget Work Group Update:

Mr. Marconi led the BOD through the latest activities of the Audit and Budget work group, including the finalization of the MCGB's first audit, review of internal controls and accounting interpretations, and potential shift from the use of Connecticut Green Bank for MCGB bookkeeping and its accounting platform. Ms. Swann asked that MCGB verify with Hertzbach on acceptable systems. Mr. Deyo presented the financial reports, including the MCGB financial statements as of November 2017, investment report, actual to budget, and capital allocation tracking report.

d. Governance Work Group Update:

Ms. Brown handed out Conflict of Interest policy signature pages to all board members, for return to Mr. Deyo by the end of the month. Ms. Brown also began a conversation about elections of board officers for the new fiscal year, as well as about conversion of work groups to committees (which should have rotation of membership). Lastly, Mr. Hunter made known that he would be willing to serve as Chairman of the Board for a third fiscal year.

6. Adjournment

Mr. Espinosa proposes a motion to adjourn; Ms. Brown seconds. The motion passes unanimously among Directors present.

The meeting adjourns at 4:43 pm.

The Green Bank Board of Directors is scheduled to meet at the Montgomery County Chamber of Commerce, subject to change of location:

- **Wednesday March 21st, 2018**

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.