

Montgomery County Green Bank Corporation (“MCGB”) Board of Directors Meeting

Wednesday March 21th at 1:30pm

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

Board of Directors Meeting Minutes

1. MCGB Board of Directors Secretary Hope Brown called the meeting to order at 1:33 pm. All Board of Directors participated by phone.

Roll call confirmed the attendance of:

- Hope Brown, Vice President and Chief Compliance Officer, Calvert Research and Management, Calvert Funds
- Patty Bubar, Acting Director, Montgomery County Department of Environmental Protection (“DEP”)
- Alex Espinosa, Director, Montgomery County Department of Finance
- Michael Gergen, Partner, Latham & Watkins
- Bert Hunter, Executive Vice President and Chief Investment Officer, Connecticut Green Bank (arrived at 1:40)
- Brian Marconi, Senior Manager, Cohn Reznick LLP
- Zach Marks, Assistant Director, Housing Opportunities Commissions
- Marcene Mitchell, Head of Business Development, Climate Business Department, International Finance Corporation
- Bonnie Norman, Principal, Chief Marketing Officer, E3 International LLC
- Bob Sahadi, Senior Advisor, Institute for Market Transformation
- Stacy Swann, Founding Partner, Climate Finance Advisors, Benefit LLC (arrived at 1:46)

Quorum met at the commencement of the meeting.

2. Public Introductions and Comment

Other meeting attendees who attended in person at the meeting space provided by MCGB for the public to attend included:

- Tom Deyo, CEO, MCGB
- John Becket, a member of the public and Board member of a local homeowners’ association
- Stephanie Riddick, Sierra Club of Montgomery County

Other meeting attendees who attended via phone included:

- Stan Edwards, Montgomery County DEP, Special Advisor to MCGB
- Mary Casciotti, Montgomery County Department of Finance
- Rosemarie Sabatino, Director of Operations for MCGB
- Michael Dow, Partner, Womble Bond Dickinson (US) LLP
- Alex Kragie, Coalition for Green Capital, consultant to MCGB

3. Approval of Agenda

Mr. Norman made a motion to approve the meeting agenda; Mr. Hunter seconded.

A MOTION TO APPROVE the agenda for the Board of Directors Meeting for March 21, 2018.

All in Favor: 10

All Opposed: 0

Mr. Deyo indicated that the MCGB has posted a sign on the door of 4th Floor entrance to the offices as to where the meeting was being held and that the door was open to the public and a phone number provided if public needed to contact Mr. Deyo.

4. Approval of January and February Special Board of Directors Meeting Minutes

R.1: Approval of Minutes for the January 10, 2018 Board of Directors Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for January 10, 2018.

Mr. Hunter moved the motion and Mr. Espinosa seconded. Mr. Marks abstained from the vote as he was not at the January 10, 2018 meeting.

All in Favor: 9

All Opposed: 0

Ms. Brown next asked if there were any comments to the draft minutes for the February.

R2: Approval of Minutes for the February 1, 2018 Board of Directors Special Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Special Meeting for February 1, 2018.

Ms. Bubar moved the motion and Mr. Hunter seconded.

All in Favor: 10

All Opposed: 0

5. Administrative Business

Reports from the Board of Directors Chairperson, the CEO and the DEP

Ms. Brown read the Chairperson's report and highlighted that the MCGB's first product had been launched – the Commercial Loan for Energy Efficiency and Renewables (“CLEER”) Program – and that the market now knows what the MCGB has to offer. It is the first public announcement of the MCGB's accomplishments; press coverage was received. She thanked the members of the Board of Directors for their support, as well as that of the DEP staff.

Mr. Deyo next provided the CEO's update. He thanked everyone for supporting us in getting our first product in the market, including Mr. Kragie, Ms. Sabatino, Mr. Dow, and the Board Leadership. He noted that the CLEER Product works for affordable rental housing and for nonprofits. He indicated that on the capital side, MCGB is waiting for the processing of the additional Montgomery County funds, and that MCGB has applied for several grants, which are still pending. He thanked Mr. Hunter for pushing us to negotiate a discount from Paychex, which we received. Mr. Deyo indicated that Ms. Sabatino attended

and obtained a certificate for the state's mandatory Open Meetings Act training. He listed the meetings with Montgomery County officials that he has done with Board of Directors support, and that MCGB staff held meetings with Maryland Energy Administration, the National Housing Trust, and the National Consumer Law Center. Mr. Deyo indicated that upcoming MCGB staff work would include reviewing the organization's insurance coverages, hiring a professional consultant for a Commercial Property Assessed Clean Energy ("CPACE")-linked product, and hiring a bookkeeper to replace current bookkeeper services of the Connecticut Green Bank. Lastly, Mr. Deyo discussed how staff was working on obtaining the second investment of Montgomery County funds, and how he has been soliciting banks that would be willing to offer the Certificate of Deposit Account Registry Service ("CDARs") program for investment of the new tranche of funding. He closed by asking if there were any questions, and hearing none, Ms. Brown invited Mr. Edwards to provide the DEP staff update.

Mr. Edwards described the two up-coming environmental/green events that will be held in Montgomery County: The Annual Energy Summit on April 4th, and Green Fest on May 5th. He also reported several pieces of legislation had been introduced at the Montgomery County Council:

- [Bill 10-18, Administration - Director of County Climate Policy - Established](#)
- [Bill 11-18, Buildings - Environmental Roof Design - Non-residential and Multifamily buildings](#)
- [Bill 12-18, Real Property - New Home Sales Contracts- Solar Panel Systems](#)

He ended by mentioning that Montgomery County will be hosting a stakeholder work group to talk about next steps for commercial property owner incentives. The meeting will be held on April 12, 2018.

6. General Business

a. Governance Work Group Update

Ms. Brown next provided an update on the Governance work group's activities, including that there is a new Board of Directors Committee structure which had been distributed to the Board of Directors prior to the meeting for consideration and which, if adopted, would like to become effective on April 1, 2018. She then asked to move the following resolution:

R3: Adoption of MCGB Committee Framework, Committee Membership, and Chairs of Committees

By recommendation of the Governance work group, A MOTION TO ADOPT the MCGB Committee structure and initial Committee memberships and Chairs for Committees as presented at the March 21, 2018 Board of Directors meeting for terms for members that would be effective from April 1, 2018 through June 30, 2019.

Mr. Hunter moved the motion; Ms. Swann seconded.

All in Favor: 11

All Opposed: 0

Ms. Brown next discussed the recommended changes to the MCGB Bylaws, which were largely resulting from the new Committee structure as well as an effort to ensure that MCGB was being consistent with the Open Meetings Act. Mr. Deyo described how we will move to more action/summary-oriented minutes for Committee meetings. He also asked for clarification of whether the Board Leadership was a work group or Committee, and the consensus response was that it was a work group. After asking whether there were any questions on the proposed changes, and hearing none, Ms. Brown read Resolution 4 and moved to approve the resolution.

R.4: Conditional Adoption of Amended MCGB Bylaws

By recommendation of the Governance work group, A MOTION TO ADOPT amended Bylaws, conditioned upon a 60-day review period to the County Council and County Executive, at which point, upon no further suggested amendments by the County Council or County Executive, the Bylaw amendments are officially adopted.

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

All in Favor: 11

All Opposed: 0

Ms. Brown next spoke about Board of Directors Officer elections, which will be held at the June Board of Directors Meeting. She indicated that any Board of Directors members interested in standing for a Board of Directors office should email her.

Mr. Deyo indicated that MCGB is examining the existing written policies to see if there are any recommended changes to Governance Committee that should be brought to the June Board of Directors meeting. Mr. Deyo recommended that this review should take place annually going forward, although if updates are needed during the year, changes will be proposed as necessary.

Next, Ms. Sabatino presented the proposed meeting calendar for FY2019. Discussion ensued, and the Directors indicated that MCGB staff should add another Board of Directors meeting in spring 2019 and recirculate the proposed calendar before finalizing.

Ms. Swann indicated that the newly-formed Investment Committee's first task would be to draft the Investment policies and that the Investment Committee will meet monthly as needed. Mr. Sahadi asked if the Investment Committee also will be looking at counterparties, and Mr. Deyo affirmed that it would.

b. Product Development Work Group Update

Mr. Sahadi spoke about the Product Development work group's strategic workplan, which had been developed during a strategic planning session of the work group in February 2018. He suggested committing to launching and operationalizing a finite set of products for the upcoming 12-18 months. He then turned the discussion over to MCGB staff. Mr. Deyo highlighted the communications successes of the CLEER Program launch, including the coverage in the Washington Business Journal. Ms. Sabatino next spoke about contractor recruitment and other operational details that required further work.

Mr. Deyo then reviewed the Product Development work group's product development pipeline and asked for Board of Directors input. He discussed the potential for a single-family homeowner product, which has a stronger opportunity to support limited- and moderate-income households, but which poses more challenges in the area of contractor oversight. The MCGB has been both looking at operating a program on its own and been in touch with third parties which could operate some or most of such a program on MCGB's behalf. Our working timeline is to bring options and a recommendation to the Board of Directors in late summer, with a target for launching a year from now. MCGB's initial step likely will be to hire a product development consultant. The product development effort would include an analysis of program revenue-generating capacity and operational and staffing considerations.

Mr. Deyo next discussed MCGB's consideration of a product that would help advance Montgomery County's CPACE Program and increase its volume. MCGB is in the process of getting a consultant on

board to assist with the product development efforts. In response to a question by Mr. Espinosa about challenges with Montgomery County's existing CPACE program, Mr. Hunter provided detailed insight into the risk considerations of a commercial construction lender and spoke about the Connecticut Green Bank's experience with its CPACE program.

Mr. Deyo then raised the potential of supporting activity of Bethesda Green's effort to advance clean energy technology businesses. After discussion by the Board of Directors, the consensus was for MCGB to better understand this opportunity and if practical to bring back to the Board of Directors for further consideration.

Finally, Mr. Deyo discussed an affordable multifamily financing product. He reminded the Board of Directors that the CLEER Program is applicable to owners of multifamily properties, including affordable rental properties. Additionally, MCGB is looking at how it might offer technical assistance to affordable multifamily property owners. Such an approach would require grant funding which has been applied for from local foundations. Mr. Sahadi then mentioned that there are new products offered by Fannie Mae and Freddie Mac that incent multifamily property owners to make energy efficiency improvements.

Mr. Espinosa asked about the revenue generating capacity of the products, and Mr. Deyo indicated that CLEER should produce revenue, and that CPACE would be designed to also generate revenue. Other products would also be focused on such revenue generation but potential needs to be evaluated.

Ms. Brown indicated that no formal vote on the Product Development work group's strategic direction was needed. No objections were raised by the Board of Directors to the presented Product Development strategy, and Mr. Hunter indicated that he thought that what was presented was a reasonable strategy.

Mr. Deyo closed by discussing the draft memo in the Board of Directors meeting materials that proposed uses of potential miscellaneous funds that Montgomery County has available to it from the Pepco-Exelon merger. He requested that the Board of Directors provide him with any comments on the draft by Wednesday (March 28, 2018), after which he will send the memo to the County Executive. Mr. Espinosa, Ms. Bubar and Mr. Edwards indicated that they agreed with moving the memo forward. The Board of Directors agreed on the approach to delivering it to County Executive.

c. Fundraising and Finance Work Group Update

Ms. Norman reminded the Board of Directors that the Town Creek Foundation is focused on the replicability of the Green Bank, proof of concept, the revenues we generate, and who we serve. Mr. Deyo has done a great job on expanding our outreach, assisted by our Communications consultant, which is funded by the Town Creek Foundation. Ms. Norman emphasized that as we move forward, we are looking for the Board of Directors to be in partnership with us, for example, by bringing to our attention potential funders to reach out to, and conferences we should attend.

Mr. Deyo then gave the update on potential sources of funding, as well as on the grant applications that have been submitted since the last Board of Directors meeting.

He called attention to the summary of the Brightlines' Communication strategies, and the summary of communications activities and outreach. They have given us a voice in social media, as well as helped us to develop a better website. They also have helped us think through our communications strategy around Earth Day – making sure we have a presence.

He called the Board of Directors attention to the outline contained in the Board of Directors meeting materials for the Green Bank Summit – the event that will be held the first week in June. This event will

enable MCGB to promote the idea of local green banks which funding from the Town Creek Foundation supports. We have had one brainstorming meeting on the summit, and we continue to work through logistics. For example, we expect to be inviting officials from Northern Virginia, as well as from Maryland. We will invite representatives from a number of other green banks to participate to share their knowledge and experience with summit attendees. Board of Directors questions and comments pertained, such as which invitees and officials in which local agencies should be invited.

Lastly, Mr. Deyo discussed creating an Annual Mission Report for FY 2017. Ms. Norman suggested focusing it on partnerships and the network we are seeking to create. Mr. Deyo indicated that a first draft outline was enclosed with the Board of Directors meeting materials and that we will look to fine-tune the outline after June. He asked that if anyone had any insights or direction, to please communicate it to him. Mr. Hunter emphasized that people should feel free to send feedback directly to Mr. Deyo should they have any.

d. Audit and Budget Work Group Update

Mr. Marconi indicated that the Audit and Budget work group had spent time reviewing the financial position of the MCGB through the current fiscal year. Mr. Deyo then noted that we were in the process of hiring a bookkeeper to take over the accounting functions that have been provided by the Connecticut Green Bank. The transition will be made after the end of MCGB's fiscal year.

Mr. Deyo next walked through the Financial Statements for February, the Cash Investment Report, the Actual-to-Budget Report, the Management Accounting Report, and the Capital Allocation Report.

Mr. Hunter thanked Mr. Deyo for laying out the financial reports so clearly for the Board of Directors as they are helpful for keeping track of where we are and where we are going.

Lastly, Mr. Deyo gave the timeline for preparing and vetting the FY19 budget and workplan. He also indicated that we will release the RFQ for bookkeeping services after April 15, which gives us ample time to get an accountant on board before the end of the fiscal year.

7. Information Items/Other Announcements

Mr. Deyo next asked the Board of Directors when a Special Board of Directors Meeting could be held in April. The consensus was that it be scheduled on Wednesday, April 25 2018 from 8 am – 9:30 am at the MCGB offices.

Ms. Brown then invited the meeting guests to provide comments or remarks. Ms. Riddick remarked that her organization was particularly interested in low/mod housing, and that she is looking forward to working with us.

Meeting Adjournment

Ms. Brown thanked her for her comments and next thanked everyone for their attendance at the meeting. Ms. Brown then moved to adjourn the meeting. Mr. Hunter seconded the motion, which passed unanimously.

The meeting adjourned at 4:31 pm.

The MCGB Board of Directors is scheduled to meet:

- **Wednesday April 25, 2018 at 8 am at 155 Gibbs Street, Rockville, MD**
- **Wednesday June 13th, 2018 at TBD**

For inquiries about the MCGB Board of Directors or for information about attending a meeting, please contact the MCGB at info@mcgreenbank.org.