

Montgomery County Green Bank Board of Directors Convening and Meeting

Thursday, July 28, 2016 at 1:00pm

Fishbowl Conference Room, Department of Environmental Protection
255 Rockville Pike, Ste 120, Rockville, MD 20850

Introductions and Orientation Session

Director Kragie reviewed meeting logistics. All Green Bank Board of Directors meetings will have audio recordings, still photos, and written notes to conform to the Maryland Open Meetings Act.

Legislative and Work Group Overview

Director Vigen provided the group with an overview of the Green Bank legislation's evolution and the Work Group process. The Green Bank legislation called for a Work Group of convened stakeholders to review legislation and provide suggestions regarding Green Bank implementation. The Work Group formed three committees to target specific areas of this process: governance, fundraising/capitalization, marketplace development. As a result of the Work Group process, amendments to the legislation were proposed to the County Council and are set to be adopted on Tuesday, August 2, 2016.

Work Group Final Report Presentation

Kragie presented a summary of the Work Group's final report to identify opportunities and define options for the Green Bank mission and programs, providing the Board with important information and context. This new organization is expected to have a relatively high profile, and will require transparency to the public. The Work Group highlighted four areas of particular interest: serving low and moderate income (LMI) groups, providing credit enhancements, supporting residential and community solar products/programs, and delivering technical assistance. "Easy wins" that are highly visible and easy to launch will likely been a necessary component to the initial mission, while developing larger, more strategic programs in tandem.

During the presentation, the Board had a lively discussion that included the Pepco-Exelon merger, the Maryland EmPOWER program (utility incentives for energy efficiency), and the County's Fuel Energy Tax.

- a. While the Pepco-Exelon merger was approved in all relevant state jurisdictions, there is still a pending special appeals lawsuit in Maryland which is expected to be heard January 2017. The County does not intend to utilize any merger dollars until any appeals are finalized, however staff will begin work on an agreement between the County and the Montgomery County Green Bank organization pending funding approval.
- b. In addition to the pending Pepco-Exelon merger funds, the Board may begin soliciting foundations for operational/capitalization funding. In July 2015, the

Metropolitan Washington Council of Governments (MWCOG) hosted a Property Assessed Clean Energy (PACE) financing workshop for lenders, which can serve as a starting list of lenders for the Board to contact.

- c. Starting in 2008, utilities in Maryland have energy efficiency offerings under the ratepayer-funded EmPOWER Maryland programs. Residents and businesses can both take advantage of these incentives; however, businesses tend to be sensitive to this line-item charge on their utility bill. The Montgomery County Green Bank will be complementary to EmPOWER incentive programs by serving where there is a gap in the existing marketplace.
- d. In addition to the EmPOWER charges, Montgomery County residents and businesses also pay a County Fuel Energy Tax, which has been in place since the 1970s. The tax is levied on energy suppliers—and since has been passed-through to energy end users—which provides the County with ~\$230 million in general funds annually. The Energy Tax is not indexed to greenhouse gas (GHG) emissions and does not apply to energy consumed behind the meter. Commercial energy users are particularly sensitive to this tax. Other jurisdictions have a similar tax, but they are noticeably lower than Montgomery County's tax.

Montgomery County Green Bank Board of Directors Meeting

1. Call to Order

Vigen called the meeting to order at 2:50 pm.

2. Approval of Minutes – 5 minutes

Per suggestion of Director Hunter, minutes from the July 11, 2016, meeting will be approved before the new Board is appointed. **Vigen moved to approve the proposed meeting minutes. Kragie seconded. Minutes were approved.**

Resolution #1

Motion to approve the minutes of the Board of Directors Meeting for July 11, 2016

3. Good of the Order – 5 minutes

- a. **Resolution to Appoint Board of Directors Roster and remove Directors Kragie and Vigen**

Item #1: Resolutions for July 28, 2016

Vigen moved to adopt the resolution to remove Directors Kragie and Vigen and appoint the new Board of Directors. Kragie seconded. Resolution adopted.

Resolution #2

WHEREAS, the Montgomery County Green Bank Articles of Incorporation include Michelle Vigen and Alex Kragie as Founding Directors of the Montgomery County Green Bank.

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.

NOW, therefore be it:

RESOLVED, that Michelle Vigen and Alex Kragie are removed from the Board of Directors of the Montgomery County Green Bank.

RESOLVED, that the following persons are added to the Board of Directors of the Montgomery County Green Bank:

- Hope Brown, VP and Chief Compliance Officer, Calvert Funds
- Lisa Feldt, Director, Montgomery County Department of Environmental Protection
- Michael Gergen, Partner, Latham & Watkins
- Bert Hunter, Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Brian Marconi, Senior Manager, CohnReznick LLP
- Zachary Marks, Assistant Director of New Development, Housing Opportunities Commission
- Bonnie Norman, Chief Marketing Officer, E3 International
- Bill Parsons, Executive Director, JDRF
- Bob Sahadi, Director, Energy Efficiency Finance Policy, Institute for Market Transformation
- Stacy Swann, Founding Partner, Climate Finance Advisors LLC
- The Director of the Montgomery County Department of Finance, or their Designee

RESOLVED, that the Director of the Montgomery County Department of Environmental Protection will serve as the Interim Chairperson of the Board of Directors until such time that the Board elects a Chairperson from among its members.

Interim Chairperson Feldt with Director Brown will assume facilitation of the meeting from this point on.

4. Roll Call of Newly Appointed Board of Directors

Roll call confirmed the attendance of:

- Hope Brown, VP and Chief Compliance Officer, 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
- Brian Marconi, Senior Manager, CohnReznick LLP
- Zachary Marks, Assistant Director of New Development, Housing Opportunities Commission
- Bonnie Norman, Chief Marketing Officer, E3 International
- Bill Parsons, Executive Director, JDRF
- Bob Sahadi, Director, Energy Efficiency Finance Policy, Institute for Market Transformation (by phone)
- Stacy Swann, Founding Partner, Climate Finance Advisors LLC

Quorum met.

Other meeting attendees included:

- Alex Kragie, Program Director, Coalition for Green Capital
- Michelle Vigen, Senior Energy Planner, Montgomery County DEP
- Stan Edwards, Division Chief, Montgomery County DEP
- Lindsey Shaw, Energy Program Manager, Montgomery County DEP
- Mary Casciotti, Senior Management and Budget Specialist, Montgomery County Department of Finance
- Nathaniel Sherman, Intern, Coalition for Green Capital
- Nick Kline, Program Director, Coalition for Green Capital (by phone)
- Julia Philpott, member of the public

5. Approval of Agenda – 5 minutes

Vigen suggested an addition of a public comment period at the end of the meeting. **Feldt moved to approve the amended agenda. Director Parsons seconded. The agenda was approved unanimously.**

6. Staff Report – 5 minutes

Vigen provided an update on progress made towards designation and other staff items:

- a. DEP and the Coalition for Green Capital (Vigen and Kragie) compiled the basic documentation required to seek formal designation from the County Executive and County Council as the Montgomery County Green Bank. Approval of designation is expected on Tuesday, August 2, 2016.

- b. Once designation is finalized, the County will begin working on the agreement to facilitate Pepco-Exelon merger dollars from the County to the Green Bank organization.
- c. Kragie requested input from the Board on the staff milestones document.
- d. Parsons proposed that one of the first orders of business should be to open a bank account immediately to ensure that the Green Bank is operational once fundraising efforts begin. Hunter proposed a banking resolution that allows designated signatories to open accounts on the Board's behalf and circulated draft text.
- e. The Board will hold elections for officer positions at the next meeting.

7. Committee Reports

- a. Standing Committees
- b. Special Committees

No committee reports. The Green Bank may choose to create committees during future meetings.

8. Unfinished Business and General Orders (no items)

9. New Business – 2 hours

- a. Bylaws

Vigen and Kragie developed a rudimentary set of bylaws to seek designation, and an expanded set of bylaws will enhance and replace these initial bylaws (Item 5). Staff hope to pass final bylaws at the September Green Bank Board meeting, then the amended bylaws must be sent to the County Executive and County Council for 60-day review. Kragie opened discussion on the bylaws, asking for input on officer position terms, fiscal year definitions, and a standard operating procedure (SOP).

Parsons asked for and received clarification regarding the use of words “elections”, “appointments”, and “hire” in the bylaws. Kragie and Vigen will serve as interim Green Bank staff. Hiring dedicated Green Bank staff can occur once operational funds are available, but the Board can work on position descriptions in the meantime. **Hunter moved to direct staff to add a Chief Operating Officer to the bylaws (as a “may hire”) and to develop a position description for an Executive Director. Norman seconded. Motion was approved without objection.**

The bylaws should define the Green Bank organization's fiscal year. Director Marconi recommended researching the fiscal year date range that is beneficial for nonprofit organizations and/or what foundation donors prefer. Director Swann proposed aligning with the County's fiscal year (July 1 – June 30). Recommendation was approved unanimously.

The bylaws define terms for the board officer positions. Parsons asked Hunter about officer term duration on the Connecticut Green Bank Board. In Connecticut, officers serve staggered terms with no term limits.

The Board was agreeable to staggered terms, and Parsons raised a concern about to initially stagger terms at the organization's outset. Feldt requested info about how other similar nonprofits handle staggered terms. Parsons recommended contacting the Council on Philanthropy; Marconi recommended researching the Council for Maryland Nonprofits; Brown will ask the Calvert Foundation; Vigen and Kragie will find two other examples and share findings with the Board (i.e., the County's Economic Development nonprofit, the County Executive's Energy and Air Quality Advisory Committee).

The Board revisited the Montgomery County Green Bank designation term of 5 years; designation ends at the end of the fifth full County fiscal year after designation—in other words, if designation is received on August 2, 2016 (as it is set to do), the Montgomery County Green Bank's designation will be for 5 years and 11 months.

Lastly, the bylaws also call for the Board to establish SOPs. Rather than amending the bylaws (which requires a 60-day review by the County Council and County Executive), the Board has more flexibility amending SOPs. Hunter also noted that the Connecticut Green Bank uses SOPs to document procedures for hiring, approving investments, and other day-to-day governance issues while keeping the bylaws high-level. Connecticut's Green Bank Board put the SOP in place by resolution. Kragie will circulate an outline of proposed County Green Bank SOP documents as well as Connecticut's SOP document(s).

The Board continued with a page-turn of the bylaws draft to address any other questions or comments.

- **Section 1.1 (actually Section 2.1 due to a typo error in the draft bylaws presented at this meeting):** Amend funding sources to include "any other sources of funds permissible by law."
- **Section 2.6:** Leave text as-is for now, but the Board may want to consider Ex Officio seats on the Board that are not bound by a committee framework (i.e., former Work Group members, Public Service Commission appointees, foundation representatives).
- **Article III:** Staff will make a consistency edit, changing "a Director of Finance" to "Chief Financial Officer." Staff will also prepare a draft description for a Chief Operating Officer based on the Connecticut Green Bank bylaws per recommendation from Hunter. Multiple officer positions may be held by one person as determined by the Board.
- **Article IV:** Meetings must be at least semiannual once the Green Bank organization is established, but the Board will meet monthly/quarterly in the near term. The Board expressed interest in establishing a videoconference capability. Staff will research alternate language for the

definition of majority for voting purposes and report back to the Board (one more than half on an odd-numbered committee presents some challenges).

- **Article V:** At the onset of the Green Bank organization development, the Board will meet as a whole, and will eventually break out into committees as the need arises. The SOP document is a platform where the Board can have the authority to change committee limitations.
- **Article VI:** Staff will amend the fiscal year definition. The next Board meeting will focus on the development of the Work Program (per the legislation).
- **Article VII:** The Board agreed to disclose conflicts of interest at the beginning of any term and then at each fiscal year start thereafter, and explore a process by which Board can report and manage developing conflicts of interest. Staff suggested researching the Michigan Saves policy, as this organization has a similar capitalization to the County Green Bank. Staff will draft a conflict of interest policy and disclosure form for staff to approve at a future meeting.
- **Article XII:** Staff will revise this section under advisement of Latham & Watkins to settle outstanding obligations prior to dissolution.
- **Discussion of Open Meetings Act:** Staff will look into what's discoverable through the Open Meetings Act, and what constitutes an official meeting under the Act.

b. Statement of Purpose and Goals/Metrics

Norman suggested that the Green Bank's mission also reflect, consistent with the language and ideas from the 2015 Paris Climate Conference (COP 21), strengthening climate resiliency, which is supported by the clean energy technologies of distributed generation, and microgrids. The Board agreed that finalizing the "elevator pitch" for the organization is a key first step.

Sahadi asked about the portion of merger dollars that needs to serve the LMI community in the County. Vigen summarized the merger proportions—20 percent of the Community Investment Fund (CIF) merger dollars are dedicated for LMI, which will likely be largely satisfied by the weatherization and Energy Coach network programs in the merger agreement. Vigen suggested that the Board should consider having LMI as a priority in some form or fashion, regardless of the extent to which the 20 percent is satisfied by the other programs.

In terms of metrics, the Board discussed maintaining metrics for measuring success in a separate document, possibly in the Work Program in the future. Foundations may have their own metrics that the Green Bank will need to

collect per any operational funding received. The Board agreed to keep any metrics broad at this stage to appeal to a greater pool of investors.

The working draft of the statement of purpose is on the Green Bank Board of Directors' Dropbox. Prior to the next meeting, Directors should make edits to the document to shape the overarching vision—more detailed suggestions will be added to the Work Program.

c. Fundraising

To start Green Bank fundraising efforts, staff will finalize the Road Show slide deck before connecting with foundations for start-up capital. At the September meeting, staff will prepare a list of best investment capital prospects for the Board's review.

Rather than dividing the foundation solicitations between separate start-up funds and investment capital, the Board could allocate a certain percentage of investment capital towards administrative costs. A budget pro forma should be developed, and larger funders will likely want to see business plans.

The Board should have a sense of its top three priorities—particularly on markets in which the Green Bank can have an incremental impact—and develop a plan to measure impact of those priorities. Parsons noted that the organization should avoid overly defining itself during the initial set-up phase.

Hunter noted that the toughest part of fundraising is finding the first investor— the Connecticut Green Bank did not have material ready when they first started courting sources of funding, and had to make case-by-case pitches initially. Once they began generating materials, foundation pitches became more standardized/easier to distribute. Swann recommended that the Green Bank revise the start-up period from 6 months to 1 year.

Brown proposed revising the existing fundraising work plan including the top three priorities, developing an initial budget, and finalizing the Road Show slide deck. Hunter and Director Marks seconded. Motion was approved without objection.

Hunter proposed a resolution to appoint Kragie as the Acting Executive Director of the Montgomery County Green Bank organization. Parsons seconded. Motion was approved without objection.

Parsons proposed a resolution for Kragie to create a bank account for the Green Bank organization. Norman seconded. Motion was approved without objection.

Resolution #3

RESOLVED, that the Acting Executive Director, until such time as the Board appoints an Executive Director, may designate one or more banks as a depository for the

funds of the Montgomery County Green Bank (“Green Bank”) and is authorized to sign any and all checks, drafts and other orders against any funds at any time standing to the credit of the Green Bank with any such bank and that any such bank is hereby authorized to honor any and all checks, drafts and other orders so signed. If any such bank has its own form of resolutions to be adopted by the Board of Directors of the Green Bank for establishment of accounts with such bank, the Acting Executive Director is hereby authorized, for and on behalf of the Green Bank, to certify to such bank that such resolutions have been duly adopted by the Board of Directors of the Green Bank, and the execution and delivery of any such certificate by the Acting Executive Director shall be binding upon the Green Bank and such resolutions shall be conclusively deemed for all purposes to have been duly adopted by the Board of Directors.

10. Public Comment Period (no public comments made)

11. Good of the Order – 5 minutes

- a. **County-Green Bank Agreement.** Swann asked Vigen for clarification on the agreement between the County and the Green Bank organization to receive funding from the Pepco-Exelon merger. The County Executive, Department of General Services, and DEP will develop an initial agreement that the Green Bank Board of Directors will have an opportunity to review and provide comment before it is finalized.

12. Information Items/Announcements – 5 minutes

- a. **The Board agreed to a 3-hour meeting duration for the near future meetings.**
- b. **Next meeting is tentatively scheduled for September 14th at 2:30pm.**
Location will be announced in the coming weeks, but DEP staff are hoping to hold the next meeting at the Silver Spring Civic Building (1 Veterans Plaza, Silver Spring, MD 20910)—to be confirmed.
- c. **The group scheduled future meetings for October 20th at 2:30 pm and November 29th at 2:30 pm.** If needed, the October 20th meeting may start at 1 pm if the Board needs additional time to develop the Green Bank Work Program.

13. Adjournment

Brown made a motion to adjourn. Swann seconded. Meeting adjourned at 6:00 pm.

The next Green Bank Board of Directors meetings are scheduled for:

- **Wednesday, September 14th, 2016, 2:30 – 5:30 pm EDT – Location TBD**
- **Thursday, October 20th, 2016, 2:30 – 5:30 pm EDT – Location TBD**

- **Tuesday, November 29th, 2016, 2:30 – 5:30 pm EST – Location TBD**

For inquiries about the Green Bank Board of Directors, to access meeting materials, or for information about attending a meeting, please contact Michelle Vigen, michelle.vigen@montgomerycountymd.gov.

Revised and Adopted on 9 19 18