

Annual Report FY2018



Montgomery County GreenBank

Your partner for clean energy TM

A nonprofit dedicated to growing energy efficiency and clean energy investment in Montgomery County, Maryland

What is a Green Bank?

A green bank is not a bank in the traditional sense. A “green bank” is a financial institution that uses its limited funding to attract more private capital into affordable financing of energy efficiency and renewable energy projects.



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For more information, contact info@mcgreenbank.org or visit mcgreenbank.org.

From the Board



An accomplished group of your neighbors, friends and staff in your County government have worked together on our Board of Directors to grow the Montgomery County Green Bank from an idea to a full-fledged independent

nonprofit organization. As the nation's first County-level green bank, the Montgomery County Green Bank in Montgomery County, Maryland is here to enable *everyone in the County* to access clean energy financing. In doing so, we also support the County's goals to reduce greenhouse gas emissions and create clean energy jobs.

Fiscal Year 2018 marked our first full year in operation with dedicated full-time management. Through the intensive work of the Board, the management team, two lender partners and a group of committed contractors, the Green Bank brought its first commercial loan product to the market. With this product, the Green Bank started to realize the vision of your County government – a purpose-built institution designed to make it easier for residents and businesses in the County to take control of their energy use, save money and help our County meet its environmental goals. The Green Bank has shown it can leverage its limited resources in partnership with private capital, greatly increasing access to affordable financing for clean energy investment in the County. This benefits us all.

We, as a Board, are proud of the progress the Green Bank has made so far. And this important organization is continuing its work, developing a pipeline of new ideas to address the needs of the County. We are looking forward to the Green Bank's launch of additional products and programs that will serve more County residents, businesses and nonprofits. With these offerings underway, we're excited to know that many more residents and businesses will soon experience the benefits of a growing clean energy economy.

Thank you to all who have supported and partnered with us.

Bert Hunter, *Chairperson*

Mission Statement

The Montgomery County Green Bank is a publicly-chartered nonprofit dedicated to accelerating affordable energy efficiency and clean energy investment in Montgomery County, Maryland. 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.

How We Work



We use our limited resources in partnership with private capital to increase the financing available to County businesses and residents to make value-enhancing, environmentally friendly energy efficiency and renewable energy improvements.

Benefits of Our Work for Your Business or Home

- ✔ More readily available and affordable financing for energy efficiency/renewable energy improvements
- ✔ Reduce your energy consumption and access dollar savings from energy improvements
- ✔ Increase your property values with energy improvements that lower your costs and give you greater comfort at home and at work
- ✔ Support the County's goal to reduce greenhouse gas emissions

From the CEO



In my first year at the Montgomery County Green Bank, it has been an honor to help advance the vision of the Montgomery County, Maryland government for a local green bank to be a fundamental player at increasing financial resources for energy efficiency and renewable energy improvements within the County. We are pleased to have achieved our aim for the year — to bring a product to market that demonstrates the role a green bank can have in accelerating local clean energy investment.

We are dedicated to using our limited funding to attract a much greater amount of new capital resources to the County for clean energy improvements and clean energy jobs. We are focused on filling gaps in clean energy financing to meet clear, immediate market needs. We're building collaborative partnerships in lending, energy, contracting, government and environmental sectors to increase financial, outreach and educational opportunities. And, we established a product development strategy that would serve all constituents in the County.

This fundamental work enabled us to develop and launch our first loan product. The Commercial Loan for Energy Efficiency and Renewables (CLEER) brings new capital into local energy efficiency and renewable energy improvement projects for businesses, multifamily communities and nonprofits. With each dollar we provide, we are able to bring \$20 in new lending capacity to commercial businesses in the County.

CLEER offers a tremendous benefit to commercial and industrial property owners. Our loan product is structured so that monthly energy savings typically pay for the monthly financing cost of the improvements. This allows owners to improve their buildings with no cash outlay — while also adding value to the property.



Being local is important. We are uniquely positioned, in a way other larger institutions are not, to understand local market needs and address them. To raise awareness of this concept, we brought together green bank practitioners from across the country with local and regional government leaders from Maryland, Washington, DC and Virginia for a day-long workshop in June 2018. Supported by the Town Creek Foundation, the meeting's intent was to spread the word on how the green bank model may benefit other communities. We planted seeds that we hope will advance clean energy growth across the region.

I'm excited to keep working toward our goals to deliver accessible and affordable clean energy financing for all businesses and residents in the County. I thank everyone across the County and beyond who continues to support us in this journey.

Tom Deyo, Chief Executive Officer



“We make energy savings easier with resources, tools and connections. Our green helps you go green.”

▶ *Bringing to market our first product demonstrates our work.*

Filling Unmet Financing Needs

Through our outreach, we identified a gap - an unmet financing need for commercial businesses and property owners. We learned that the Pepco utility programs supported small business energy projects at nearly 100% and that the County's C-PACE program addressed loans of \$250,000 or more. Midsize energy projects had no financing program, thereby leaving small to mid-size local businesses with no support to adopt clean energy. We found that underwriting by lenders was made difficult by trying to include the projected energy savings of improvements. We heard that traditional lending required loans to be secured by the property, which can be a non-starter for many businesses.

Our first offering was designed to step into this gap. The Commercial Loan for Energy Efficiency and Renewables (CLEER) offers an option for commercial property owners seeking loans for clean energy improvements (generally) under \$250,000, including energy efficiency and renewable energy projects. Borrowers are underwritten based on their creditworthiness. Loans can be made without debt secured to the property.

The Commercial Loan for Energy Efficiency and Renewables (CLEER) offers an option for commercial property owners seeking loans for clean energy improvements (generally) under \$250,000

Bringing New Resources to the County

For CLEER's pilot launch, we developed relationships with Ascentium Capital LLC, a national lender, and Revere Bank, a local bank. In agreeing to be partners with us, these lenders bring new and longer term capital to local clean energy and energy efficiency projects.



A Great Day at the 2018 Montgomery County Energy Summit

Montgomery County Public Information Office

Beyond new capital resources, CLEER delivers cash advantages to businesses. CLEER allows for no cash outlay for the work. Loan payments can be set to match energy savings. Thus, commercial businesses can conserve their cash and improve their operating expenses with lower utility bills. Energy improvements will increase the comfort and health of workplaces, while also reducing greenhouse gas emissions and enhancing property values.

Ascentium Capital and Revere Bank are making \$20 million in loan capital available under the CLEER pilot program

Leveraging Our Funds

The green bank model, in general, is designed to leverage green bank capital to bring significantly more private capital into the Montgomery County market. Overall, we aim to attract at least five dollars of private capital for clean energy investment for every dollar of our capital. Our capital provides a kind of "insurance" to private lenders, allowing us to lower the risk for these lenders to enter new and/or underserved markets and to offer better loan terms.

Ascentium Capital and Revere Bank are making \$20 million in loan capital available under the CLEER pilot program, supported by \$1 million from the Green Bank. The program is also designed to be complementary to Pepco's Energy Savings for Business Program so that commercial businesses can use those resources first and then fill the balance of need with CLEER.

Serving Multiple Constituents

CLEER is designed to benefit a range of commercial and industrial businesses. These businesses include multifamily and common ownership communities, which often have master-metered properties. Here, better financing options for energy improvements can potentially benefit all occupants. The loan product can also serve affordable rental properties where unsecured financing is an important component.

CLEER can be used with a range of commercial and industrial businesses, including multifamily and common area properties

Working with Partners



We partner across the spectrum of stakeholders to deliver affordable loan products and build relationships for the future.

With CLEER, we work with banks, contractors, Chambers of Commerce, Rotary Clubs, and civic associations. We also engage in extensive outreach to educate others about our organization and the benefits of a green bank.

- ✔ Met with over **100 stakeholders** in the County, region, and state.
- ✔ Engaged with **key County representatives** in areas of clean energy, environmental policy, economic development, and housing and community development.
- ✔ Participated in about **20 notable environmental events**, including the Montgomery County Energy Summit and other regional, statewide and national conferences.
- ✔ Presented at **10 conferences and webinars** sponsored by local, regional and national organizations to promote the green bank concept.
- ✔ Held regional meeting for **35 attendees** on local green banks and green bank methods; published two papers on the proceedings.
- ✔ Integrated with the **national green bank network** to put the Montgomery County Green Bank on the national stage, to convey knowledge and insights, and to share benefits of a local green bank.

Our Next Steps

Going forward, we are identifying additional needs and developing more products for FY19. We are looking at energy efficiency and renewable energy improvement financing products for residential homeowners, larger-scale commercial properties, community solar and affordable rental properties. We continue to seek opportunities to support limited- and moderate-income households, multifamily properties and nonprofit organizations.

Financial Snapshot

	FY18	FY17
Assets	\$5,840,679	\$3,138,879
Liabilities	\$22,609	\$13,806
Net Assets		
Unrestricted	\$4,445,437	\$2,382,563
Temporarily Restricted	\$1,372,633	\$743,230
Total Net Assets	\$5,818,070	\$3,125,793
Revenues	\$3,275,741	\$3,309,372
Expenses	\$583,464	\$183,409

In addition to the County's support, we are pleased to have received generous philanthropic support over two years from the Town Creek Foundation and others. The Town Creek Foundation funding allowed our organization to establish a platform to promote our work to County businesses and residents. It also enabled us to communicate and promote the benefits of a local green bank model across the region.

We would like to acknowledge the generosity of our supporters and funders.



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Rosemarie Sabatino (right) with Wendy Howard, One Montgomery Green

