

**Montgomery County Green Bank Special Board of Directors Meeting
Monday November 26 , 2018 at 8:00 am**

155 Gibbs St; 4th Floor Conference Room
Montgomery County Green Bank| 155 Gibbs St | Rockville, MD 20850

Board of Directors Meeting Minutes

1. Montgomery County Green Bank (“MCGB”) Board of Directors Chair Bert Hunter called the meeting to order at 8:04 am.

Roll call confirmed the attendance of the following attending via phone:

- 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
- Zach Marks, Assistant Director, Housing Opportunities Commissions (“HOC”)
- Brian Marconi, Partner, Cohn Reznick LLP
- Bob Sahadi, Senior Advisor, Institute for Market Transformation
- Stacy Swann, Founding Partner, Climate Finance Advisors, Benefit LLC

Board Members not present:

- Hope Brown, Vice President and Chief Compliance Officer, Calvert Research and Management/Calvert Funds
- Marcene Mitchell, Head of Business Development, Climate Business Department, International Finance Corporation
- Bonnie Norman, President, E3 International LLC

A quorum was present.

2. Public Introductions and Comment

Other meeting attendees included:

- Mr. Tom Deyo, CEO, MCGB
- Rosemarie Sabatino, Director of Business Operations, MCGB
- Mr. Stan Edwards, Montgomery County DEP, Special Advisor to MCGB
- Mary Casciotti, Montgomery County Department of Finance

Mr. Deyo indicated that notices had been posted to advise the public about the meeting location. No members of the public were present.

3. Approval of the Agenda

Mr. Hunter indicated that the purpose of the meeting was to review the amendments to the County Contract for funds that have been proposed by the County. He then asked Mr. Deyo to walk through the proposed agenda. Mr. Deyo asked if there were any changes to the agenda. Hearing none, the proposed agenda was deemed to be approved.

4. General Business

a. County Contract for Funds

Mr. Deyo provided introductory remarks regarding the amendments and provided an update on discussions he had with the County Contract Administrator. He also provided an update regarding feedback MCGB received from its auditor about whether certain clauses contained in the initial Amendment #3 draft would have changed how they viewed temporarily restricted and unrestricted funds. The auditor's feedback was that the proposed clause 9, which as initially written would apply to all funds provided under the contract, would have caused the auditor to view all of the 80% of previously-determined unrestricted capital to be temporarily restricted capital. This new determination would carry forward with any new funds provided under the contract.

With this information provided to the County, the current version of the County Amendment #3, as provided to the Board in the Board package, has clause 9 only applying to the funds provided in Amendment #3 and not to the entirety of the contract. This allows the current determination of 80% unrestricted and 20% temporarily restricted for the \$14.1 million of Customer Investment Funds to remain as originally determined by the auditor. The Amendment #3 funds would be determined all to be Temporarily Restricted funds, but they would have been designated as such anyway given the restrictions placed on them in the Amendment #3. Mr. Deyo next review the other significant changes to Amendment #3 from prior versions. Finally, he noted that Mr. Dow reviewed the matter presented to the Board and he had no further comments.

Mr. Deyo then asked for comments.

Mr. Hunter noted that the issues of great concern to the Board seemed to be resolved in further discussions with the County, and that there didn't seem to be any items still to be negotiated. He then asked for comment from others. Ms. Bubar asked whether the lawyers had been involved in the drafting, and Mr. Deyo indicated that it had been his understanding that they had, but that because the version being reviewed by the Board of Directors had been drafted over the holiday weekend, that other parties within the County government still had to comment.

Ms. Swann asked for confirmation of the timeline, and Mr. Deyo indicated that tomorrow the County Council was to vote on MCGB's non-compete status for the Amendment #2 and #3 funds, which is a necessary step. Once Amendments #2 and #3 are finalized and signed, then we would send an invoice to the County and they would fund.

Mr. Deyo stated that he will circulate to Board Leadership the final language of the Amendment #3, and then he summarized the proposed resolution that was being sought for Amendment #3

funds. Mr. Deyo highlighted to the Board of Directors that the proposed new claw back clause still had to be approved internally at the County.

Ms. Swann commented that if there are any material changes from the draft the Board of Directors received last night, she would request of Board Leadership that the Board of Directors re-approve. She noted that the Board of Directors is trying to accommodate the rushed process that the County is imposing. However, she indicated that she feels strongly that good governance is important and if the County's last review materially alters what the Board of Directors has last seen and what has been cleared by MCGB legal and audit teams, that it would be important to raise these changes back to full Board of Directors.

Mr. Deyo read the proposed resolution:

R1: Approval of Amendment to CONTRACT # 1076863 MONTGOMERY COUNTY GREEN BANK CORPORATION

A MOTION to approve A) the Montgomery County Green Bank to enter into an **Amendment to Contract # 1076863 Montgomery County Green Bank Corporation** to reflect terms presented to the Board of Directors on November 26, 2018 that describe conditions for i) an investment amount estimated at \$6.7 million with various program requirements; ii) to serve as loan administrator for the County for Revolving Fund for an amount provided by County of \$6.3 million, and iii) to have an opportunity to secure a \$5 million loan from Exelon provided reasonable and acceptable terms can be met, and B) to delegate to Board Leadership final approval of Amendment and upon such final approval that Mr. Thomas Deyo, CEO of the Montgomery County Green Bank, is authorized to sign the Amendment on the organization's behalf.

Mr. Hunter moved the motion and Mr. Gergen seconded.

Mr. Deyo asked if there were any comments or discussion. Hearing none, a roll-call vote was held.

All in Favor: 8
All Opposed: 0
Abstentions: 0

The resolution passed.

Mr. Deyo next introduced draft Amendment #2 and reminded the Board of Directors that they had approved the general construct at the November 16, 2018 Board of Directors Meeting and delegated to Board Leadership for final approval. He also noted that the current draft, which had been approved by Mr. Dow, makes small adjustments to the percent of funds to be dedicated to limited- and moderate income and multifamily and allows funds designated for multifamily to be allowed to fund technical assistance.

He asked if there were any comments. None were offered. Mr. Deyo indicated that as soon as the final language is received, he will send to the Board Leadership for approval.

Mr. Hunter thanked the Board Members for making themselves available for the Special Board Meeting.

Ms. Bubar moved a motion to adjourn the meet. Mr. Gergen seconded.

All in favor: 8

All Opposed: 0

The meeting was adjourned at 8:25 am.