

Montgomery County Green Bank Board of Directors Meeting Thursday, October 24, 2019, at 8:00 AM

Montgomery County DEP Offices | 255 Rockville Pike; Suite 120 | Rockville, MD 20850

Board of Directors Meeting Minutes

1. Montgomery County Green Bank (“MCGB”) Board of Directors (“Board”) Chair Bert Hunter called the meeting to order at 8:06 AM.

Roll call confirmed the attendance of the following:

- Ms. Hope Brown (Board Secretary), Vice President and Chief Compliance Officer, Calvert Research and Management/Calvert Funds (By phone)
- Mr. Michael Gergen, Partner, Latham & Watkins (by phone)
- Mr. Robert Hagedoorn, Chief of Fiscal Management, Department of Finance, Montgomery County (by phone)
- Mr. Bert Hunter (Board Chair), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Ms. Marcene Mitchell, Global Head, Climate Strategy and Business Development, IFC/World Bank Group (By phone)
- Ms. Bonnie Norman (Board Vice-Chair), President, E3 International, LLC (By phone and in person)
- Mr. Adam Ortiz, Director, Department of Environmental Protection, Montgomery County (By phone)
- Mr. Robert Sahadi, Managing Principal, GreenSpace Investment (by phone and in person)
- Ms. Stacy Swann (Board Vice-Chair), CEO and Founding Partner, Climate Finance Advisors, Benefit LLC

A quorum was present.

Absent Board members:

- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, the MCGB
- Ms. Rosemarie Sabatino, Director of Business Operations, the MCGB (by phone)
- Mr. Joshua Myers, Administrative Assistant, the MCGB
- Mr. Stan Edwards, Special Advisor to the MCGB, Montgomery County Department of Environmental Protection (“DEP”)
- Mr. Mark P.S. Edward, Partner, Hertzbach & Company, P.A. (“Hertzbach”)
- Ms. Zeynep Orhan, Senior Manager, Hertzbach
- Mr. Scott Rosenblum, Senior, Hertzbach
- Ben Nalette, Manager, Hertzbach

2. Public Introductions and Comment

Mr. Hunter noted that there were no members of the public present.

3. Approval of the Agenda

Mr. Hunter asked if anyone had any adjustments to the agenda. None were voiced and Mr. Hunter stated that the agenda would stand as presented.

4. General Business

Mr. Edward, the partner from Hertzbach on the MCGB audit engagement, introduced the audit team to the Board. Mr. Deyo noted that the audit process started in July and both the audit and Form 990 (which is required by the IRS) had been presented to the Finance and Operations Committee, which approved presentation of the audit and Form 990 to the Board.

Mr. Edward noted that the Board presentation would be an abbreviated version of the full presentation that was provided to the Finance and Operations Committee and that this is the third year that Hertzbach had audited the MCGB. Mr. Edward finished by explaining that Hertzbach is at the end of the audit process, which includes completing the Form 990 which requires acknowledgement of presentation to the Board as an item to be noted on the form.

Ms. Orhan presented the results of the audit. She stated that the auditors reviewed accounting estimates and policies, management and accounting practices, restrictions of net assets, contributions, calculation of loss reserves and functional expenses and allocation of expenses to various programs. Ms. Orhan noted the independent auditor's report gave the MCGB a clean, unmodified opinion. A Board member asked that a footnote simply offer more detail on the sectors the MCGB can support.

Mr. Nalette then reviewed the MCGB's Form 990. Mr. Nalette stated the Form 990 is an informational form to be filed and its purpose is to answer required questions on policies and procedures for the IRS. No questions were asked.

Mr. Hunter then read the Closing Statement resolution:

R.1. Closing Statement

This closing statement was prepared by CEO, Tom Deyo, and I, Bert Hunter, Chairperson of the Board of Directors, attest to its compliance with the Maryland Open Meetings Act. Per §3-305(d) of the Maryland Open Meetings Act, I move to convene a closed session.

In this closed session, the Board will discuss the Fiscal Year 2019 audit and IRS Form 990 with the MCGB's auditor, per the "other law" exception §3-305(b)(13). The reason for closing the meeting is to discuss confidential financial information pertaining to preparation of the audit.

Mr. Hunter moved the motion; Mr. Sahadi seconded.

A voice vote was taken for this resolution as follows:

All in Favor: 9
All Opposed: 0
Abstained: 0

At 8:48 AM, Mr. Deyo, Mr. Edwards and Mr. Myers left the meeting room. Ms. Sabatino left the conference call.

All meeting attendees who left during the closed session rejoined the meeting at 8:52 AM.

Mr. Hunter read the resolution to adopt the FY19 Audit for the MCGB.

R2. Adoption of the FY19 Audit for Montgomery County Green Bank

A MOTION TO APPROVE the Audited Financial Statements for Fiscal Year 2019 of the Montgomery County Green Bank as submitted to the Board by its auditor, Hertzbach & Company, P.A., on October 24, 2019, and recognize IRS Form 990 as presented.

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

A roll call vote was taken for this resolution as follows:

Mr. Hunter – Aye
Ms. Norman – Aye
Ms. Swann – Aye
Ms. Brown – Aye
Ms. Mitchell – Aye
Mr. Hagedoorn – Aye
Mr. Sahadi – Aye
Mr. Gergen – Aye
Mr. Ortiz – Aye

All in Favor: 9
All Opposed: 0
Abstained: 0

Mr. Deyo then reviewed the NASA Federal Credit Union (“NASA”) Loss Reserve (“LR”) Agreement for approval.

During the discussion, several items were raised and staff was asked edit the presentation memo to reflect that the minimum credit score was 640 and not 660, as represented in the memo. Also, the Board requested that any renewal of the LR Agreement include a post-claim recovery sharing provision.

Mr. Hunter read the resolution:

R.4: Approval of MCGB Transaction/Investment No. 5: NASA Federal Credit Union (“NASA”) as a Participating Lender under the homeowner loan for energy efficiency and renewable energy program under a Loss Agreement.

A MOTION TO APPROVE a) the proposed transaction of NASA Federal Credit Union (“NASA”) as an approved lender in the program for homeowner loans for energy efficiency and renewable energy program and b) the terms of the Loss Reserve Agreement (“Agreement”) between Montgomery County Green Bank (“MCGB”) and NASA presented to the Board on October 24, 2019.

This approval includes the following conditions:

- There will be a maximum allocation of \$250,000 of the MCGB capital to support this transaction.
- The Agreement may have technical and non-material changes after final presentation to NASA and any final negotiated Agreement is to be presented to the Board Leadership for final approval.
- Any and all adjustments to a final signed Agreement shall be treated as an Amendment to the Agreement with NASA and shall be reviewed and approved by the Board, except that the Board authorizes the BOD Investment Committee to approve any non-material changes to the Agreement, including changes to the Initial Capital Reserve of the Agreement.
- Any renewal of this agreement must include a MCGB recovery clause for losses recovered on loans.

Ms. Norman moved the motion; Ms. Brown seconded.

A roll call vote was taken for this resolution as follows:

- Mr. Hunter – Aye
- Ms. Norman – Aye
- Ms. Swann – Aye
- Ms. Mitchell – Aye
- Mr. Sahadi – Aye
- Mr. Gergen – Aye
- Mr. Hagedoorn – Aye
- Ms. Brown - Aye
- Mr. Ortiz – Absent

All in Favor: 8
All Opposed: 0
Abstained: 0

Mr. Hunter thanked Mr. Deyo and Ms. Sabatino for their effort on the LR Agreement.

Mr. Hunter then read the prepared closing statement to discuss MCGB personnel compensation and benefits.

Mr. Hunter moved the motion; Mr. Sahadi seconded.

R.5. Closing Statement

This closing statement was prepared by CEO, Tom Deyo, and, I, Bert Hunter, Chairperson of the Board of Directors, attest to its compliance with the Maryland Open Meetings Act. Per §3-305(d) of the Maryland Open Meetings Act, I move to convene a closed session.

In this closed session, the Board will discuss the staffing of the Montgomery County Green Bank, per the “personnel matters” exception §3-305(b)(1). The reason for closing the meeting is to discuss compensation and benefits for positions, and the process for determining the same.

A voice vote was taken as follows:

All in Favor: 9

All Opposed: 0

Abstained: 0

During the closed session Mr. Deyo, Mr. Edwards and Mr. Myers were not present in the meeting room. Ms. Sabatino had left the conference call.

Ms. Brown departed the meeting.

In attendance during the closed session were the following directors:

Bert Hunter, Chair

Bonnie Norman, Vice Chair

Stacy Swann, Vice Chair

Michael Gergen

Rob Hagedoorn

Adam Ortiz

Marcene Mitchell

Bob Sahadi

At 9:46 AM, Mr. Hunter moved to exit from the closed session.

Mr. Sahadi seconded the motion. The Board took a voice vote:

All in favor: 8

All opposed: 0

Upon returning to open session, Mr. Sahadi moved and Ms. Norman seconded a motion to adjourn the meeting, with the Board members voting unanimously by voice vote to approve.

The meeting adjourned at 8:47 AM.