

**Montgomery County Green Bank Board of Directors Meeting
Wednesday, Jan 22, 2020 at 1:30 PM**

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

Board of Directors Meeting Minutes

**Montgomery County Green Bank (“MCGB”) Board of Directors (“BOD or Board”)
Chair Bert Hunter called the meeting to order at 1:50pm.**

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
- Mr. Bert Hunter (Board Chair), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission (HOC)
- Ms. Marcene Mitchell, Global Head, Climate Strategy and Business Development, IFC/World Bank Group
- Ms. Bonnie Norman (Board Vice-Chair), President, E3 International, LLC
- Mr. Adam Ortiz, Director, Department of Environmental Protection (DEP), Montgomery County
- Ms. Stacy Swann (Board Vice-Chair), CEO and Founding Partner, Climate Finance Advisors, Benefit LLC

A quorum was present.

Absent Board members:

- Mr. Robert Sahadi, Managing Principal, GreenSpace Investment

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, MCGB
- Mr. Stephen Morel, Chief Investment Officer, MCGB
- Ms. Rosemarie Sabatino, Director of Business Operations, MCGB
- Mr. Joshua Myers, Administrative Assistant, MCGB
- Mr. Stan Edwards, Special Advisor to MCGB, Montgomery County Department of Environmental Protection
- Mr. Reuven Walder (joined at 3:30pm)

1. Public Introductions and Comment

Mr. Hunter noted that the meeting was publicly announced but no members of the public were in attendance.

2. Approval of the Agenda

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

3. Approval of Meeting Minutes

Ms. Brown led the meeting for the approval of the minutes.

R1: Approval of Minutes for the November 19, 2019 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for November 19, 2019.

Ms. Norman moved the motion to approve the minutes for November 19, 2019; Mr. Hagedoorn seconded.

A voice vote was taken.

All in Favor: 9

All Opposed: 0

Abstained: 1 (Mr. Marconi abstained.)

R2: Approval of Minutes for the December 19, 2019 BOD Special Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Special Meeting for December 19, 2019.

Ms. Swann moved the motion to approve the minutes for December 19, 2019; Ms. Mitchell seconded.

A voice vote was taken.

All in Favor: 7

All Opposed: 0

Abstained: 3 (Mr. Ortiz, Mr. Marks, and Mr. Gergen abstained.)

R3: Approval of Minutes for the December 23, 2019 BOD Special Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Special Meeting for December 23, 2019.

Ms. Norman moved the motion to approve the minutes for December 23, 2019; Mr. Hagedoorn seconded.

A voice vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 2 (Mr. Marks and Mr. Gergen abstained.)

4. Administrative Business

Mr. Hunter then asked the Board to consider Resolution 4, the approval of the new Chief Investment Officer, Mr. Stephen Morel.

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

R4: Appointment of Stephen Morel as Chief Investment Officer

A MOTION TO APPROVE the appointment of Stephen Morel as the Chief Investment Officer of the Montgomery County Green Bank and the provision of duties and authorities for this officer role as provided in the Montgomery County Green Bank Bylaws.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. There were no abstentions.

Mr. Hunter asked Mr. Deyo to provide his CEO Report. Mr. Deyo welcomed Mr. Morel as the new Chief Investment Officer and provided his report.

Mr. Deyo noted the public event that took place on December 12th which heralded the MCGB's investment in Glascock Office Condominiums, and which was the first ribbon cutting ceremony for the MCGB. Mr. Deyo was the lead speaker and master of ceremonies. Also speaking at the event were the County Executive, Marc Elrich, County Councilmembers Hucker and Friedson, the CEO of Revere Bank Ken Cook, a Pepco representative along with contractors and the condo owner representatives. Mr. Sahadi also spoke and represented the Board at the event. Mr. Deyo showed a video of local news covering the event to the Board as well as a clip from the County Executive's recent State of the County speech which had a video montage that included footage of the event.

Mr. Deyo proceeded to update the Board on the MCGB most recent project investment at Takoma Overlook residential condominiums where the MCGB provided \$1.2 million of the \$1.5 million energy efficiency improvement. The deal included a \$837,000 CLEER loan originated by Revere Bank and a \$400,000 bridge loan originated by City First Enterprises which MCGB purchased a \$300,000 portion of the loan. The deal was closed on December 11th.

Mr. Deyo thanked Ms. Sabatino for her hard work and diligence in working on the upcoming Clean Energy Advantage (CEA) Program. Ms. Sabatino explained that the CEA Program uses a CEA Program Eligibility Portal which only authorized contractors have access and which they can provide to their customers. Those customers that make it through the CEA Program eligibility questions are then offered to choose from the two participating lenders – Clean Energy Credit Union and NASA Federal Credit Union – where the customers make loan application to the lenders on the lender’s website. The CEA eligibility portal and access to the CEA Participating Lenders is not accessible on MCGB’s website.

Mr. Deyo noted that the MCGB’s 2019 annual report was released on December 2nd. Mr. Deyo concluded his update by confirming that Salesforce, the MCGB’s new customer relations management software has been implemented.

Mr. Deyo then expressed his thanks to Ms. Sabatino, who was departing the MCGB; he thanked her for all that she helped build and manage at the MCGB.

Mr. Edwards followed by providing the DEP Update to the Board. The County is concluding the initial stage of the County’s climate action planning process as the climate planning workgroups wrap up their work making recommendations in five areas: buildings, transportation, clean energy, climate adaptation and sequestration, and public engagement/education. Mr. Edwards noted that the full set of recommendations will be published on the County’s climate webpage once they are finalized in a consistent format. Mr. Edwards also informed the Board that there will be a Climate Town Hall on February 27th where members of the community can provide comments on the recommendations of the workgroups. Further, the County will be issuing a RFP within the next several weeks to obtain technical assistance for further analysis of actions the County can take to meet its aggressive goals. The goal is to have a draft Climate Action and Resiliency Plan by the end of 2020 or early in 2021.

Mr. Edwards also stated that the County simultaneously is working on a building energy performance standard for commercial and multifamily buildings. The County will be initiating a stakeholder process in February 2020 to develop a proposed Building Energy Performance Standards (BEPS) policy with a target to have recommendations for the County Executive and Council of Montgomery County by June.

The Board engaged in a substantial discussion about the prospects of the County’s climate action plan and opportunities for the MCGB to support the County. The Board requested that future Board meetings look more closely at the elements under discussion by these work groups and to brainstorm on investment possibilities.

5. General Business

Mr. Hunter moved the meeting to General Business.

Mr. Deyo briefed the Board on the Common Ownership Communities (COC) Program which the MCGB has been working on with the Montgomery County Department of Housing and

Community Affairs (DHCA) to define pursuant to its County Contract. The COC Program presented in the Board materials states more distinctly in a simpler format the parameters for the use of funds for COC that were outlined in Task 4A and 4B of the County contract already approved by the Board. The only element needing final definition that was not specifically defined in the Task 4A and 4B of the County contract was the definition for low- and moderate-income (LMI) communities.

The MCGB has been working with the DHCA to define this element and the COC Program definition included in the Board materials was the present state of the definition for the LMI communities which the MCGB and the DHCA have discussed and which has largely been agreed upon between the MCGB and the DHCA. The MCGB will continue the discussion with the DHCA, but the present description was one the DHCA believed the MCGB could seek Board approval on with the ability to revise if needed.

Mr. Hunter read the motion.

R5: Approval of Common Ownership Communities Program Definition Relative to Task 4A and Task 4B of County Contract #1076863

A MOTION TO APPROVE the Common Ownership Communities Program Definition (“Program”) as presented to the Board on January 22, 2020 for a) the financing of energy efficiency and renewable energy improvements to limited-income common ownership communities that are Pepco customers; and b) the financing of energy efficiency and renewable energy improvements that reduce natural gas of low- and moderate-income common ownership communities that are Washington Gas Light customers and where such Program was approved by the Montgomery County Department of Housing and Community Affairs and where such Program approval by the Board is required by Article I, Task 4A, Section 5 and Article I, Task 4B, Section 5 of County Contract #1076863; with c) delegation to the MCGB Board Leadership for final approval of the Program provided Board Leadership does not identify material items that would require Board approval.

Ms. Norman then moved the motion; Ms. Swann seconded.

There was no discussion.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. There were no abstentions.

The meeting then proceeded to a presentation on the Paddington Square Community Solar Project transaction.

Mr. Deyo informed the Board that the MCGB was seeking approval for investment of \$500,000 for a 250kw solar array. Mr. Deyo reviewed the transaction memorandum provided in the Board materials. Mr. Deyo reviewed the project characteristics (including that the project would be constructed under a low-cost lease of the roof of the HOC’s Paddington Square apartments and 30% of the 95 subscriptions would be for LMI households), the investment terms for the MCGB’s debt investment, the counterparties for the project and subscription management, and the potential risks of the transaction.

Board members discussed several elements of the transaction, including the potential that actual generation may be less than projected and how this would impact revenues and the manner in which the control account could be handled to avoid costs yet meet the needs of a control account. The Board provided guidance to the MCGB on how to approach the developer partner on these items as it completed the loan documents.

Mr. Hunter then introduced the following motion.

R.6: Approval of MCGB Transaction/Investment No. 7: Project Loan to Special Purpose Vehicle for Development of Paddington Square Community Solar Project for loan up to \$550,000.

A MOTION TO APPROVE a) MCGB to provide up to a \$550,000 loan to a Special Purpose Vehicle established for the purpose of developing and owning a community solar array on Paddington Square apartments under the terms for such loan as presented to the Board on January 22, 2020; b) delegation to the MCGB Board Leadership final approval of legal documents associated with this loan provided the Board Leadership does not identify material items that would require Board approval; and c) for Tom Deyo, CEO, to execute such legal agreements on behalf of MCGB.

Mr. Marconi then moved the motion; Mr. Hagedoorn seconded.

There was no discussion.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. Mr. Marks abstained from the vote.

Mr. Walder next presented to the Board on the work underway to bring contractors on board for the CEA Program. Mr. Walder informed the Board that many contractors have expressed their interest, particularly those in the Home Performance with Energy Star program and solar networks. Mr. Walder described information he learned in those discussions and how this knowledge directed the current outreach work for contractors and informed how the CEA Program may be adjusted to meet the market intelligence he was gathering.

6. Finance and Operations Discussion

Mr. Deyo updated the Board on the MCGB financials, noting in particular that they now include a loan asset of the Takoma Overlook loan purchased from City First Enterprises.

Mr. Deyo next reviewed proposed revisions to the Internal Controls Policy which largely include changes that incorporate the presence of a second officer at the MCGB.

Mr. Hunter read the resolution.

R9: Approval of Revisions to Internal Controls Policy

A MOTION TO APPROVE proposed changes to the Internal Controls Policy as presented at the January 22, 2020 Board meeting

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

No discussion was undertaken.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. There were no abstentions.

Mr. Hunter next read a resolution to add Mr. Morel as a signatory on the MCGB bank accounts.

R.10: Account Signature Authority for Chief Investment Officer Stephen Morel

A MOTION TO APPROVE the addition of Chief Investment Officer Stephen Morel as an authorized signer on all Montgomery County Green Bank accounts.

Mr. Hagedoorn moved the motion; Ms. Swann seconded

No further discussion was undertaken.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. There were no abstentions.

Mr. Deyo followed by outlining a proposed new staffing plan for the Board.

After discussion on the proposed staffing plan, the Board decided to bring the discussion back to the Board at its next meeting.

Mr. Hunter then read the following motion.

A MOTION to convert the MCGB's part-time Administrative Assistant position to full-time role.

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

No further discussion was undertaken.

Mr. Hunter then asked for a roll call vote on the motion, and the motion was approved unanimously. No one opposed it. There were no abstentions.

Mr. Gergen left the meeting at 4:30.

Mr. Hunter then read the following motion to move the meeting into a closed session.

R.11: Adoption of a Closing Statement to proceed into a Closed Session

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.

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

A voice vote was taken, and the motion was approved unanimously. No one opposed it. There were no abstentions.

The meeting moved into closed session at 4:55.

Meeting was adjourned in closed session at 5:37 PM.