

Montgomery County Green Bank Board of Directors Meeting
Wednesday, March 25, 2020 at 1:30 PM
By Teleconference

Board of Directors Meeting Minutes

**Montgomery County Green Bank (“MCGB”) Board of Directors (“BOD or Board”)
Vice-Chair Bonnie Norman called the meeting to order at 1:35pm.**

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
- Mr. Michael Gergen, Partner, Latham & Watkins
- 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
- Mr. Robert Sahadi, Managing Principal, GreenSpace Investment
- Ms. Stacy Swann (Board Vice-Chair), CEO and Founding Partner, Climate Finance Advisors, Benefit LLC

A quorum was present.

Absent Board members:

- 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

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, MCGB
- Mr. Stephen Morel, Chief Investment Officer, MCGB
- Mr. Joshua Myers, Administrative Specialist, MCGB
- Mr. Stan Edwards, Special Advisor to MCGB, Montgomery County Department of Environmental Protection

1. Public Introductions and Comment

Ms. Norman noted that the meeting was publicly announced, and the public was provided an ability to attend by phone, but no members of the public were in attendance by phone.

2. Approval of the Agenda

Ms. Norman asked if anyone had any adjustments to the agenda. None were voiced.

Ms. Brown motioned to approve the agenda. Ms. Swann seconded the motion. All approved the agenda.

3. Approval of Meeting Minutes

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

R1: Approval of Minutes for the Continuation of the Suspended Board of Directors Special Meeting of December 19, 2019 BOD Special 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 December 19, 2019; Mr. Gergen seconded.

A voice vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 0

R2: Approval of Minutes for the January 22, 2020 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for January 22, 2020.

Ms. Mitchell moved the motion to approve the minutes for January 22, 2020; Ms. Swann seconded.

A voice vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 0

4. Administrative Business

Mr. Deyo provided a summary of the CEO Report to the Board noting that he feels the MCGB now has the right people in the right seats to be effective at its work.

Mr. Deyo then expressed he was looking to generate discussion with the Board on two fronts. The first being an immediate response to the current situation unfolding in Montgomery County as the COVID-19 pandemic spreads. The second topic of discussion was a long-term plan for the Fiscal Year 2021 (FY21) budget.

After the presentation of the CEO Report, Mr. Edwards provided the Board with an update from the DEP on the status of the County's Climate Action and Resiliency Plan with a target completion by the end of 2020/early 2021; the development of recommendations for a building energy performance standard (BEPS) for commercial and multifamily buildings; and an update on a bill to revise the County's Green Building Tax Credit for commercial and multifamily buildings that was introduced at the County Council.

5. General Business

Ms. Norman moved the meeting to General Business, handing the meeting over to Mr. Sahadi for the Products and Investment discussion.

Mr. Sahadi indicated that even though economic activity is slowing down, a lot is happening in the product development space. The MCGB launched its Residential product and it is off the ground now. Mr. Sahadi concluded by adding that one of the main points up for discussion going forward during the meeting is the MCGB evaluating a role for MCGB related to the County's Commercial Property Assessed Clean Energy (C-PACE) program. He noted that Mr. Deyo and Mr. Morel have been examining this program which will be presented to the Board on that topic.

Mr. Deyo then provided the Board with an update on the market, with a focus on resiliency during the current economic climate surrounding the COVID-19 pandemic. Mr. Deyo presented the Board with a Market Environmental Scan and discussed the expected outcome that production will be slowing considerably given the market disruption. Current jobs already in progress may be completed but no new jobs will likely be occurring in residential or commercial areas of the market. Lenders are currently dealing with emergencies. He noted that County government is taking actions to address small businesses.

Mr. Deyo expressed to the Board that the MCGB could support the County during the COVID-19 pandemic by positioning itself to respond to the the energy performance contracting needs in the County. He presented the following actions that the MCGB plans to undertake during this period as Response, Products, and Operations – consider response concepts tailored to the situation, complete products currently in the pipeline, and concentrate on operational infrastructure. Mr. Deyo proposed using the Product Development Committee

as the forum to generate and get rapid feedback on response proposals. The Board engaged in a discussion about the prospects of the MCGB getting involved in aiding the recovery effort after Mr. Deyo gave his presentation, including encouraging a focus on health and air quality.

Mr. Morel followed with a presentation on C-PACE and potential roles for MCGB to support this County program. He stated that there are benefits to MCGB associating with the program as it is a natural companion to Commercial Loan for Energy Efficiency and Renewables. (CLEER). Mr. Morel summarized his evaluation about the role and functions of MCGB that could be considered for the program. Mr. Morel noted that more would need to be evaluated on the program and brought to the Board for consideration. The Board indicated that MCGB should continue its evaluation of an MCGB role for C-PACE with guidance.

Mr. Morel then presented the Board with a summary of the Commercial Solar PPA that has been in development with Inclusive Prosperity Capital. The MCGB would likely bring this investment opportunity for Board approval soon with a target to be in the market with the product in May.

Ms. Norman and Mr. Deyo then began the Partnerships and Funding discussion. Mr. Deyo presented the Board with a marketing plan for the MCGB's new residential program, Clean Energy Advantage (CEA) program . He expressed to the Board that the main objectives of the campaign were to increase awareness about energy efficiency improvements and their impact and increase public awareness of the MCGB and the MCGB's programs. Any incoming inquiries would be sent along to its contractor core that are supporting the CEA Program. Mr. Deyo reviewed the target audience and target geographic area, along with possible campaign dates for the marketing strategy. The Board commented on assuring alignment with County messaging and supported the concept and the plan as presented.

Mr. Deyo then presented a draft for MCGB Fiscal Year 2021 Strategic Direction. Mr. Deyo noted that the document was compiled before the recent pandemic situation. Mr. Deyo presented a list of fundamental drivers for the MCGB in the coming fiscal year which included:

1. Achieving results in Montgomery County
2. Catalyzing private capital markets to invest in clean energy activities
3. Become a key County resource for financing of energy efficiency and renewable energy activities
4. Advance County goals and plans concerning climate change, along with delivering equity in use of products and services while doing so
5. Support jobs in the sector and reaching self-sustainability.

Mr. Deyo informed the Board that he saw several urgent emerging considerations to focus on to achieve these strategic goals - the County developing a climate action plan that can define new opportunities for the MCGB, alignment with County programs, recovery efforts for post-pandemic market needs, affordable housing as a County Executive priority, and Solar PV. Mr. Deyo presented a plan for product and / or transaction items to accomplish

this work, a set of measures to assess progress on this work, and a series of activities needed to achieve those measures. Mr. Deyo concluded by covering the staffing plan to fulfill the needs of the MCGB to help achieve these goals as these plans move forward. Mr. Deyo noted that the positions of Business Operations Manager and Director of Commercial and Industrial would be delayed until after the start of the next fiscal year to manage cash flow. The Residential Solar position could also be delayed, but Mr. Deyo recommended that this position could move ahead as it is funded from outside sources which the MCGB already has on hand. The Board provided comments on the strategies and plan. The Board provided no objection to the staffing plan as presented and as recommended. Mr. Deyo will incorporate this into the FY21 budget under development.

6. Finance and Operations Discussion

Ms. Norman moved to the Finance and Operations discussion.

Mr. Deyo presented a summary of the proposal included in the Board book from Hertzbach to be the MCGB auditor for FY20-22, including the proposed fees for the annual audits, 990, and Property Tax submissions.

R.3: Approval of Hertzbach as Auditor for FY20 through FY22

A MOTION TO accept Hertzbach's February 20, 2020 proposal for the MCGB auditor services for Fiscal Years 20, 21, and 22 and to approve Hertzbach as auditor, subject to entering annual engagement letters for each year.

Mr. Gergen moved the motion to approve Hertzbach as the Auditor for the MCGB for FY20 through FY22; Ms. Brown seconded. Ms. Norman then requested a roll call vote on the motion; and the motion was approved unanimously.

Mr. Deyo then updated the Board on the MCGB financials, noting that the loan asset of the Takoma Overlook loan purchased from City First Enterprises was no longer there due to being fully paid. Mr. Deyo also offered a projected year end for the FY20 budget. Mr. Deyo further noted the change in the JPB Foundation funds to Restricted with Donor Restrictions pursuant to a discussion with the auditor on the grant funding.

7. Governance

Ms. Norman then moved the meeting to Governance matters and asked Ms. Brown lead that discussion.

Ms. Brown reviewed the upcoming slate of officers for the Board that will voted on in June 2020. Ms. Brown then reviewed the current list of Board member election terms, which included upcoming elections for Mr. Sahadi, Ms. Swann and Ms. Mitchell. The members have indicated they will be continuing after the June 2020 election. Ms. Brown then asked if any Board member is considering not moving forward as a Director for the upcoming fiscal year to please let her know by April 10, 2020.

Ms. Brown next reviewed the Committee assignments for Board members and asked that if Members wish to change Committees to also let her know by April 10.

Ms. Norman gave encouraging parting words to the Board about the current crisis the County and the Country are facing.

Ms. Norman then asked for a motion to adjourn the meeting.

Mr. Gergen offered a motion to adjourn the meeting; Ms. Brown seconded.

A voice vote was taken

The vote was unanimous

Meeting was adjourned at 3:59 PM.