

**Montgomery County Green Bank
Board of Directors Meeting
By Teleconference
Wednesday, November 18, 2020 at 1:30 PM**

Board of Directors Meeting Minutes

1. Call to Order and Roll Call

Bonnie Norman, Board Chair of the Montgomery County Green Bank (“Green Bank”) Board of Directors (“BOD” or “Board”), called the Board meeting to order at 1:34 pm. The meeting was conducted by teleconference in consideration of the COVID-19 pandemic.

Roll call confirmed the attendance of the following:

- Ms. Bonnie Norman (Board Chair), President, E3 International, LLC
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission (HOC)
- Mr. Robert Sahadi (Board Vice-Chair), Managing Principal, GreenSpace Investment
- Ms. Stacy Swann, CEO and Founding Partner, Climate Finance Advisors, Benefit LLC
- Mr. Bert Hunter (Board Secretary), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Ms. Marissa Ramirez, Senior Community Climate Strategy Manager, National Resources Defense Council
- Mr. Adam Ortiz, Director, Department of Environmental Protection (DEP), Montgomery County
- Ms. Marcene Mitchell (Board Vice-Chair), Global Head, Climate Strategy and Business Development, IFC/World Bank Group
- Mr. Michael Coveyou, Director of Finance, Department of Finance, Montgomery County

Board Members absent:

- Ms. Hope Brown, Vice President and Chief Compliance Officer, Calvert Research and Management/Calvert Funds

A quorum was present.

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, Montgomery County Green Bank
- Mr. Stephen Morel, Chief Investment Officer, Montgomery County Green Bank
- Ms. Cindy McCabe, Residential Solar Manager, Montgomery County Green Bank
- Ms. Jean Moyer, Business Operations Manager, Montgomery County Green Bank

- Mr. Joshua Myers, Administrative Specialist, Montgomery County Green Bank
- Mr. Stan Edwards, Special Advisor to Montgomery County Green Bank, Montgomery County Department of Environmental Protection
- Ms. Mary Casciotti, Montgomery County Department of Finance
- Mr. Jason Mathias, Montgomery County Department of Environmental Protection
- Mr. Scott Dicke, WA Analytics, consultant, member of the public
- Mr. John Cain, Boland, special guest (joined at 3:02)
- Ms. LaToya Thomas, Brick and Story, consultant (Joined at 3:03)

2. Public Introductions and Comment

Ms. Norman also noted that the meeting was publicly announced, and the public was provided an ability to attend by phone.

3. Approval of the Agenda

Ms. Norman asked if anyone had any additional adjustments to the agenda. Mr. Hunter proposed an amendment to the agenda by changing the resolution order. Mr. Hunter requested the Closed Session resolution become resolution five and the USDA RESP resolution become resolution six.

Ms. Norman requested a motion to approve this change. Mr. Hunter moved the motion; Ms. Mitchell seconded. A voice vote was taken and passed unanimously

4. Approval of Meeting Minutes

Mr. Hunter read the resolution for the September 16, 2020 minutes.

R1: Approval of Minutes for the September 16, 2020 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for September 16, 2020.

Ms. Norman moved the motion; Ms. Ramirez seconded. One member requested an edit. A voice vote was taken including the requested edit.

All in Favor: 10

All Opposed: 0

Abstained: 0

Mr. Hunter read the resolution for the November 05, 2020 minutes.

R2: Approval of Minutes for the November 05, 2020 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for November 05, 2020.

Ms. Norman moved the motion; Mr. Marconi seconded. No member raised items for discussion. A voice vote was taken.

All in Favor: 10

All Opposed: 0

Abstained: 0

5. Administrative Business

Mr. Deyo began his CEO report by noting the recent production activity of the Green Bank. The Clean Energy Advantage program had three loans closed with another eleven pre-approved. Mr. Deyo noted Mr. Morel's work including the first Small Business Energy Savings Support program and its first loan closed at the end of October and the third Commercial Loan for Energy Efficiency and Renewables that closed in September. Mr. Deyo added that a model built on the Clean Energy Advantage program could possibly go state-wide through collaborative work with the Maryland Clean Energy Center. Mr. Deyo concluded with a brief update of the Green Bank's pipeline with a number of potential deals coming in the commercial sector, including community solar and commercial solar.

Mr. Deyo informed the Board on other items the staff had been working on since the last Board meeting:

- Ms. Moyer has been working on the Green Bank's internal and external processes as well as financial activities of the Green Bank.
- Ms. McCabe has been engaged in marketing the Clean Energy Advantage by connecting with solar contractors and beginning a series of blogs that aim to inform consumers and contractors about the information regarding solar and energy efficiency projects.
- Mr. Myers has supported work on communications and outreach continues, including the issuance of a couple press releases in the last six weeks. This includes the Green Bank being included in a press release from the DC Green Bank for a regional CLEER program.

Ms. Norman thanked the staff for their work.

Mr. Edwards then provided a DEP Update:

- A draft Climate Action Plan (CAP) will be made publicly available in early December. Meetings are planned with the County Executive and members of the five workgroups that developed the initial recommendations. The draft plan will be out for public comment until the end of January.
- DEP staff are currently meeting with individual Councilmembers to brief them on the 2018 International Green Construction Code
- Finalization of legislation on Building Energy Performance Standards (BEPS) is expected to go to the Council in January.
- The Council formed a Farm Solar Stakeholder Workgroup to continue discussions on Zoning Text Amendment 20-01, which would allow up to 1,800 acres of solar in the

agricultural reserve. The group is scheduled to meet through mid-December, and the full Council plans to take up the ZTA again in January.

- The Community Choice Energy legislation will be introduced in the General Assembly again this year.

6. General Business

a. Product Development

Mr. Sahadi introduced the session and remarked on a lot of work that is in process and asked Mr. Morel to address the needed program approval and pipeline updates.

Mr. Morel stated that the Green Bank is looking for Board approval of a Memorandum of Understanding (MOU) between the Green Bank and the Montgomery County whereby the Green Bank would become the CPACE Administrator for the County starting in January 2021. He added that undertaking this assignment will provide a complete portfolio for one-stop shopping of commercial clean energy financing offerings of the County. The Green Bank is looking at how best to launch the C-PACE with all of the Green Bank's current commercial financing offerings and perform more education and outreach on behalf of the CPACE program. A Director asked if the Green Bank could capture C-PACE energy savings and there was agreement that this should be conducted as the Green Bank would be furthering the product's reach. A Director asked if fees could be adjusted and Mr. Morel stated the MOU provided for a maximum fee.

Ms. Norman then read the resolution for the approval of the CPACE MOU.

R3: Approval of MCGB to enter into a Memorandum of Understanding with Montgomery County for C-PACE Administration

A MOTION TO APPROVE the execution of a Memorandum of Understanding ("MOU") with Montgomery County as presented to the Board on November 18, 2020 for the MCGB to assume the role of administrator of the County's Commercial Property Assessed Clean Energy program; c) delegation to the Green Bank Board Leadership for final approval of documents associated with this MOU provided the Board Leadership does not identify material items that would require Board approval; and d) for Tom Deyo, CEO, to execute such MOU on behalf of the Green Bank.

Mr. Hunter moved the motion; Mr. Sahadi seconded. No member raised items for discussion. A roll call vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 2 (Mr. Coveyou, Mr. Ortiz)

Mr. Morel then reviewed the current project pipeline.

Mr. Morel also noted that the Board package included information on a proposal to the County for the Green Bank to have a possible service role for the collateral of an Alternative Compliance Path under review by the County for the International Green Construction Code.

Investment Updates

Ms. Swann introduced this session and asked Mr. Morel to lead the review of a revision to the Commercial Solar PPA program which the Investment Committee had considered and approved for the Board's consideration.

Mr. Morel reviewed the adjustments to the Commercial Solar Power Purchase Agreement product previously approved by the Board in June 2020. The adjustments were to allow other financing partners for the Green Bank in the product and to increase the size of the Green Bank's investment in the product. The need for new partners resulted from the previous partner being unable to align its current capital with the Green Bank's investment. Since that occurrence, the Green Bank has found two partners showing interest in participating in the product with the Green Bank. Mr. Morel noted that the Green Bank has been in discussion with the County on this adjustment to include for-profit partners and has obtained preliminary approval for this approach subject to County review of the partners.

Ms. Norman then read the resolution for the approval of Amendment to MCGB Transaction/Investment No. 8.

R.4: Approval of Amendment to MCGB Transaction/Investment No. 8: Investment in Commercial Solar Power Purchase Agreement Facility.

A MOTION TO APPROVE an amendment to the MCGB Transaction / Investment approval Number 8 whereby: a) the Montgomery County Green Bank ("Green Bank") would provide up to \$1,700,000 at a 0% rate and \$1,500,000 at a target 3.5% rate for Power Purchase Agreement facilities to be established with solar development partners for the purposes of supporting solar PV installations through low-cost power purchase agreements for nonprofit and for-profit organizations as presented in memorandum provided to the Board on November 18, 2020, including delegations on transaction approval included in the memorandum; b) delegation to the Investment Committee for the final approval of the development partners for these facilities subject to approval by the County; c) delegation to the Green Bank Board Leadership for final approval of legal documents associated with these facilities provided the Board Leadership does not identify material items that would require Board approval; and d) for Tom Deyo, CEO, to execute such legal agreements on behalf of the Green Bank.

Ms. Norman asked if there were any further discussion items; there were none. Ms. Swann moved the motion; Ms. Ramirez seconded. A roll call vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 2 (Mr. Coveyou, Mr. Ortiz)

a. Finance and Operations Discussion

Mr. Marconi began by stating that the FY20 audit for the Green Bank had been finalized, as well as the FY20 990 being filed. Mr. Marconi then asked Mr. Deyo to review the current financials and to present the USDA Rural Energy Savings Program application for approval.

Mr. Deyo reviewed the Green Bank's financials as of September 2020. Mr. Deyo noted that the Green Bank closed its first loan with SBESS in October and as such the financials will represent this closing at the next Board meeting. Mr. Deyo stated that the Green Bank's contract with Ascentium had been cancelled which releases the capital held for that entity, and such release then reduces the overall Green Bank capital commitments to under just \$4.5 million.

Mr. Deyo next reviewed the Green Bank's business model that was updated to reflect the USDA Rural Energy Savings Program (RESP). Mr. Deyo noted that the 10-year projections in the Green Bank business model for balance sheet and cashflow, including debt service on the USDA RESP loan, are incorporated in the USDA RESP application to be presented for Board approval. Mr. Deyo noted that several new major capital injections are projected in the presented business model starting in FY24 to increase the Green Bank's capital base and its lending capacity. Mr. Deyo noted that some of this additional capital could be the re-cycling of the USDA RESP funds as the model assumes only a one-time use of this funding in FY21 while the Green Bank has the ability to re-cycle these funds during the 10-year projected horizon. Mr. Deyo acknowledged the annual negative NOI shown in FY21-23 and noted that these are expected with the increased staffing in FY20-21 and the losses are funded by the administrative expense funding and other funds already on the Green Bank's balance sheet from the County and foundation funding.

Mr. Cain joined the meeting at 3:02 PM

Ms. Thomas joined the meeting at 3:03 PM

Ms. Norman challenged all Board and Staff members to think on how the Green Bank could achieve its self-sustainability faster.

Mr. Deyo then presented an overview of the USDA Rural Energy Savings Program application that has been prepared for submission and included in the Board book for Board approval. The USDA RESP funding would be a loan to the Green Bank at 0% for 20 years and used to support re-lending by the Green Bank for energy efficiency and renewable energy projects of small businesses in the County. The funds would be used in Green Bank programs already in place or in development – Small Business Energy Savings Support Program and the Commercial Solar PPA product. The USDA RESP application presents the Green Bank's re-lending program production, revenue, and expense projections, the Green Bank's proposal for meeting the 1:1 collateral requirement for the program which includes about 15% to 20% cash, and the 10-year corporate Green Bank projections for balance sheet and cashflow as reviewed during the business plan discussion.

Mr. Hunter requested Mr. Deyo review the application to be sure that the Commercial Solar PPA product and Small Business Energy Savings Support Program are fully integrated throughout the application. Mr. Hunter proposed amendments to the resolution for approval of the USDA Rural Energy Savings Program to include the Small Business Energy Savings Support Program and Commercial Solar PPA product.

Ms. Norman then put forward the resolution for approving the USDA RESP application.

R6: Resolution Adopting The Small Business Energy Savings Support Program and Community Solar PPA Program for the USDA Rural Energy Savings Program and Application to the USDA Rural Energy Savings Program

WHEREAS, the Montgomery County Green Bank has developed the Small Business Energy Savings Support Program and Commercial Solar Power Purchase Agreement (PPA) Program for its service territory intended to be funded with the proceeds from the United States Department of Agriculture's Rural Energy Savings Program;

WHEREAS, the Montgomery County Green Bank will offer the Small Business Energy Savings Support Program and Commercial Solar PPA Program for small businesses in the County as loan / debt investment programs supporting clean energy investments, including energy efficiency, renewable energy, energy storage, and water system efficiency;

WHEREAS, the Montgomery County Green Bank has developed a comprehensive implementation work plan, comprehensive measurement and verification structure, and financial forecast for the Small Business Energy Savings Support Program and the Commercial Solar PPA Program;

WHEREAS, the financial forecast, the implementation work plan and the measurement and verification program, and related documents will be considered by the Rural Utilities Service, an agency of the United States Department of Agriculture, in making a determination to make a financially feasible and adequately secure loan to the Montgomery County Green Bank;

WHEREAS, the Montgomery County Green Bank intends to submit a loan application under the Rural Energy Savings Program Loan as prescribed in the Rules and Regulations published in the Federal Register, Vol. 85, No. 64 on April 2, 2020;

NOW THEREFORE BE IT RESOLVED, that the Montgomery County Green Bank approves the implementation work plan, the financial forecast and related documents in connection to the Small Business Energy Savings Support Program and Commercial Solar PPA Program to be funded by the Rural Energy Savings Program;

BE IT ALSO RESOLVED, that the Montgomery County Green Bank's officers, managers, and staff are authorized to carry out all necessary actions, including but not limited to the executing and attesting all necessary documentation in connection with the loan application

to participate in the Rural Energy Savings Program as provided in the Notice of Solicitation of Applications;

BE IT FURTHER RESOLVED that the Montgomery County Green Bank's officers are authorized to apply and take a loan in the amount of \$4,900,000 to carry out Small Business Energy Savings Support Program and the Commercial Solar PPA Program;

BE IT ALSO RESOLVED, that the loan shall bear a maturity date to cover an approximate period of 20 years.

Ms. Norman asked if there were any further questions. None were voiced. Mr. Hunter moved the motion; Mr. Sahadi seconded. A roll call vote was taken.

All in Favor: 8

All Opposed: 0

Abstained: 1 (Mr. Coveyou)

Absent for vote: 1

a. Partnership and Funding

Mr. Hunter introduced Ms. Thomas to the Board. Ms. Thomas reviewed the strategic communication / outreach plan developed for the Green Bank built on the assessment that was presented at the September 2020 Board meeting. The strategic plan identified work for the narrative of the Green Bank and efforts needed to deliver production and education outcomes for a variety of audiences, sub-audiences, and influencers. The Board engaged in a discussion of next steps. Mr. Deyo noted that the Green Bank would seek external support to implement items on the plan as well as use internal staff. Mr. Deyo added that items will need to be prioritized for the most critical needs, such as improving the website and reaching key targeted audiences, and efforts will be taken over time and not all at once. The discussion noted that a theme emerged around commitment to transparency and customer friendliness and that the transition to business development was appropriate for the Green Bank's present status.

Ms. Norman then asked Mr. Sahadi to host the open discussion session. Mr. Sahadi noted that there had been ongoing internal discussion at the Board Leadership about the concurrence of energy efficiency and health. This session with the Board was to bring the conversation to the full Board for review of the topic and initiate a dialogue on how the Green Bank should consider the needs of indoor health improvements relative to the Green Bank's mission.

Mr. Sahadi introduced Mr. Cain from Boland. Mr. Cain presented on Boland's work in commercial sector energy efficiency, a view to energy efficiency activity in the current environment, and how Boland looks at its work relative to the improvement of indoor air quality and energy. The Board engaged in a discussion around how the Green Bank could be supportive of the needs in this area.

Ms. Norman thanked Mr. Cain for his presentation and offering this compelling view of the market and the needs.

Ms. Norman then asked for a motion to end the meeting. Mr. Sahadi moved the motion; Ms. Ramirez seconded. A voice vote was taken.

All in Favor: 10

All Opposed: 0

Abstained: 0

The meeting ended at 4:33 PM