

**Montgomery County Green Bank
Board of Directors Meeting
By Teleconference
Wednesday, March 24, 2021 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 1:35 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. Robert Sahadi (Board Vice-Chair), Managing Principal, GreenSpace Investment
- Ms. Hope Brown, Vice President and Chief Compliance Officer, Calvert Research and Management/Calvert Funds (departed at 3 pm)
- Mr. Brian Marconi, Partner, Cohn Reznick LLP (departed at 3 pm)
- Ms. Marissa Ramirez, Senior Community Climate Strategy Manager, National Resources Defense Council
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission (HOC)
- Ms. Stacy Swann, CEO and Founding Partner, Climate Finance Advisors, Benefit LLC
- Mr. Michael Coveyou, Director of Finance, Department of Finance, Montgomery County
- Mr. Adam Ortiz, Director, Department of Environmental Protection (DEP), Montgomery County

A quorum was present.

- Mr. Bert Hunter (Board Secretary), Executive Vice President and Chief Investment Officer, Connecticut Green Bank (Joined at 1:56 PM)
- Ms. Marcene Mitchell (Board Vice-Chair), Global Head, Climate Strategy and Business Development, IFC/World Bank Group (Joined at 3:10 PM)

No Board Members were absent.

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. Scott Dicke, WA Analytics, consultant, member of the public.
- Ms. Latoya Thomas, Brick & Story, consultant, member of the public (Joined at 2:15 PM)

2. Public Introductions and Comment

Ms. Norman noted that the meeting was publicly announced, and the public was provided an ability to attend by phone. Ms. Norman asked members of the public attending the meeting to introduce themselves.

Mr. Scott Dicke stated he was joining as a member of the public to listen to the meeting.

3. Approval of the Agenda

Ms. Norman stated there would be an adjustment in the order of the agenda, moving the Governance section to the beginning of the meeting after the CEO report and the investment discussion for approval moved to after the Open Discussion session. She then asked if anyone had any additional adjustments to the agenda. No adjustments or objections were stated.

Ms. Norman requested a motion to approve the agenda. Mr. Sahadi moved the motion; Ms. Ramirez seconded. A voice vote was taken and passed unanimously.

4. Approval of Meeting Minutes

Ms. Norman asked if there were any adjustments to the minutes of the previous meeting to be made before a motion to approve. None were voiced.

Ms. Norman read the resolution for the January 27, 2021 minutes.

R1: Approval of Minutes for the January 27, 2021 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for January 27, 2021.

Mr. Sahadi moved the motion; Ms. Ramirez seconded. No Board member raised a point for discussion.

All in Favor: 8

All Opposed: 0

Abstained: 1 (Mr. Ortiz)

5. Administrative Business

Mr. Deyo provided the CEO report. He began by highlighting that the Green Bank had been working remotely for over a year since the start of the COVID-19 pandemic.

Mr. Deyo highlighted the top items for the past 2 months, including: that Common Ownership Communities had been reaching out more to the Green Bank since the Green Bank has hosted numerous informational webinars for them; the Green Bank launched its Community Solar PPA product in February working with Skyview Ventures and nine potential deals have been brought to the Green Bank; Solar and Storage has been raised and is presently in review by an affordable housing group; that the Green Bank's Clean Energy Advantage (CEA) program could possibly become a state-wide program in partnership with Maryland Clean Energy Center and which could result in the Green Bank receiving \$700,000 to help with administration, a loss reserve fund, and a buydown program; and that the Green Bank is becoming the administrator of the C-PACE program in March. Mr. Deyo thanked Mr. Morel, Ms. Moyer, Ms. McCabe, and Mr. Myers for their work on all these activities. Mr. Deyo completed his update with a review of the status of items on the FY21 Workplan and the potential for meeting the goals.

Mr. Edwards provided an update on County activities. He started with informing the Board that the Building Energy Performance Standards are on their last step and an analysis of impact from the program after which they will be presented to County Council. Mr. Edwards stated that the County is reviewing the Climate Action Plan draft and anticipates a final draft at the end of spring 2021. Mr. Edwards lastly noted that there is a plan for a meeting with Department of Transportation and Department of General Services with the Green Bank to discuss purchase options for electric vehicles by the County.

Mr. Hunter joined the meeting at 1:56 PM

The meeting moved to Governance.

6. Governance

Ms. Brown updated the Board on the conflict-of-interest statement and process for Board review. Ms. Brown noted that all Board members have completed conflict-of-interest disclosure forms, and the May 2021 Board meeting will be used to review these with the Board.

Ms. Brown then announced she would be stepping down from the Board. She stated being on the Board has been an honor. Ms. Norman thanked Ms. Brown for everything she has done for the Green Bank since joining in 2016 and appreciated her dedication to establishing the Green Bank and helping it achieve its successes.

The meeting moved to Product Development.

7. Product Development and Investment Updates

Mr. Sahadi asked Mr. Morel to review the current project pipeline and the portfolio. Mr. Morel noted that solar pv had been one of the most active area of business development with installers recognizing the value of reverting to small commercial customers that were previously turned down. Mr. Morel also informed the Board that the Green Bank had expanded the Small Business Energy Savings Support Program offerings and marketing.

Mr. Morel next provided highlights of recent Investment Committee activity, including approval to changes to the Small Business Energy Savings Support program and approval of a partner for the Commercial Solar Power Purchase Agreement program. Mr. Morel lastly noted that the transition for the Green Bank to take on the program administrator role for C-PACE was moving ahead with the final approval of forms and program guidelines in progress with the County. Possible legislative changes are in discussion and could move forward in the near future. Lastly, Mr. Morel stated that the CEA program that the Green Bank is working on with Maryland Clean Energy Center would add a buydown feature using funds from the EmPOWER program.

Board members inquired about a couple projects on the pipeline.

Ms. Thomas joined the meeting at 2:15 PM

The meeting moved to Partnership and Funding.

8. Partnership and Funding

Mr. Deyo introduced Ms. Thomas from Brick & Story who is aiding the Green Bank in refining its communication and community engagement efforts. This work advances the work conducted last fall to assess the Green Bank's communication efforts to effectively reach its many audiences.

Ms. Thomas presented a review of the work in last six weeks around audience definition and message structuring. Ms. Thomas laid out an initial priority of audiences from the long list of audiences, the concept of an outreach and engagement roadmap for the audiences with messages and tools for messaging, and a form for a communication calendar to capture the themes and structure for month-to-month communications. Ms. Thomas added that there would be specific work done on reaching specific underserved markets, such as African American, Latinx, low- and moderate-income, and other homeowners who have not been reached by the Green Bank's current messaging strategies. This is part of the Green Bank's new strategy of linking equity and climate change goals and the work needing to be done in the County to achieve those goals.

Mr. Deyo thanked Ms. Thomas and stated it is exciting to be making this pivot branding the Green Bank to a more problem solver and response driven communication and outreach strategy.

Board members commented that this strategy was well-timed with looking at the strategic plan and how the communication could fit into that plan. A Board member raised the need to be sure to identify Asian-American audiences in the plan given recent events. The Board agreed that the communication plan and work should be intentional about addressing this group in the County and that the Green Bank should be public about this sentiment.

The meeting moved to Open Discussion.

9. Open Discussion

Mr. Marconi left the meeting at 3:00 PM

Ms. Brown left the meeting at 3:00 PM

Ms. Mitchell joined the meeting at 3:10 PM

Mr. Norman introduced the next session as a time to review the five-year strategic plan and how to think about the work of the next year and leading to the development of a new plan after FY22. She had asked Mr. Hunter to help manage the discussion in this session.

Mr. Deyo reviewed the progress of the Green Bank relative to the structure and strategies developed for the FY18-22 Strategic Plan and the aspirational goals set out in that plan. Mr. Deyo and Mr. Morel then summarized the results of work toward the strategic goals set out for FY21.

Mr. Hunter introduced the next session as the time to evaluate where we are and what the Green Bank should set up as its game plan principles for FY22. Mr. Deyo reviewed recent learnings from various meetings and past Board meeting, the key drivers for the Green Bank related to those learnings and the County's Climate Action plan, and a set of possible high-level FY22 principles that could be the groundwork for the FY22 Workplan and Budget.

Mr. Hunter led a discussion with the Board to evaluate these concepts and provide feedback to help inform the FY22 Workplan and budget. It was noted that the FY22 effort should look at what should be the big items of focus for the Green Bank and what resources should be included in the budget for these items. During the conversation, several directors offered a number of observations:

- The Green Bank is a good partner to the County with a great array of products.
- The Green Bank is aligned with the County's goals and this is being reinforced in conversations with the CE and various council members.
- The Building Energy Performance Standards, once adopted (late 2021/early 2022), will present an opportunity for the Green Bank to help those property owners needing to comply to finance compliance requirements.
- A query on why there is not better uptake with C-PACE presently by commercial properties / commercial solar, in particular many shopping centers, big box stores and

- parking lots with room for solar, etc, and an opportunity for the Green Bank since it is now the Program Administrator for the C-PACE program.
- How the Green Bank could assist the County around a Resilience Authority and perhaps tweaking Green Bank's authority to enable us to play a larger role with a Resilience Authority.
 - Recognition of our goals with equity and suggestion that we focus on "engagement" and "inclusion" vs "outreach."
 - Increase Green Bank emphasis with faith based and common ownership communities.
 - Desire to do more with data / demographics.
 - The Green Bank should think big / big scale.

After the discussion, the meeting moved into a discussion on an Investment Committee item.

Investment Committee

Mr. Morel started by noting that the Investment Committee provided approvals both to extend the contractor buydown option for the Small Business Energy Savings Support program and to provide a \$50,000 budget within the Small Business Energy Savings Support product to test the results of investing in small-scale indoor air quality and health measures and using funds which were not associated with the settlement funds.

Mr. Morel then presented on seeking Board approval to amend the Commercial Loan for Energy Efficiency and Renewables (CLEER) Program Terms. Ms. Swann noted that these amended terms had been reviewed by the Investment Committee and initially approved in February. The Investment Committee then reviewed a second time on March 18, 2021 and provided additional direction regarding the terms of the delegated authority, specifically the IC recommends:

- MCGB Management are given delegated authority to approve investments that meet the criteria presented in the Memo to Investment Committee dated February 26, 2020 for no more than five (5) transactions under this request;
- That Management will provide regular reports to the Investment Committee on investments undertaken under this specific request for delegation (for the CLEER Program), including pipeline, fees, portfolio concentration;
- That MCGB Management affirmatively attest to their comfort with partner lender institutions' underwriting, due diligence processes for each investment approved under delegation;
- MCGB Management may seek to extend the delegated authority after five (5) investments, and if so will meet with the Investment Committee at such time.

Ms. Swann noted that the changes agreed to on March 18, 2021 have been incorporated in the request for approval being presented to the Board. and the Investment Committee feels the changes maintain the needed guardrails for the program, and the Committee required a point of review with staff after a specific period to review the impact of the changes. Ms.

Swann noted that with these additional requirements specific to the terms of the delegated authority, the Investment Committee was comfortable with the request.

Mr. Hunter asked Mr. Morel what information is received about the underwriting process from the lender that can be used to assess the borrower and quantify risk, particularly for the larger loans contemplated for CLEER. Mr. Morel responded by stating the underwriting still lies with the lender institution and the Green Bank does not review that under CLEER. Ms. Swann noted that risk mitigation is managed by the terms and conditions of loss reserve agreement already entered with the lender, and that it allows MCGB to hold the lender to a standard of care on behalf of MCGB in terms of origination, servicing and portfolio management. The Board approved that agreement based, in part, on its comfort with the lender's origination practices. The agreement stipulates that the lender must use its standard of care with respect to underwriting (as well as in collections), and that the Green Bank's counsel has opined that such a mandate is relatively strong. Mr. Morel noted that there is a good system of risk assessment with the Lender.

Mr. Morel also stated that the Green Bank obtains a monthly report from the lender that includes loan status (e.g., current, late, default, etc.). Because a loss reserve claim cannot be made until 90 days following a default, the Green Bank will have an ability to see a default status prior to the actual call. In such a case, the Green Bank will work with the lender to understand the reasons for default and efforts to make the loan current.¹

Ms. Norman then read the resolution for amending the CLEER program guidelines.

R.2: Adoption of Amendments to Commercial Loan for Energy Efficiency and Renewable (CLEER) Product

A MOTION TO ADOPT the following amendments to the Commercial Loan for Energy Efficiency and Renewable (CLEER) Product as presented to the Board on March 24, 2021:

- (i) removing the \$250,000 loan size limit;
- (ii) inserting "up to" before the for-profit end-user 3.50% Program Fee; and
- (iii) Board delegation of project approval as:
 - Loan transactions up to \$500,000 delegated to Green Bank management.
 - Loan transactions above \$500,000 delegated to Investment Committee.

¹ POST-MEETING FOLLOW-UP: In response to Mr. Hunter's questions about potential credit quality issues, and the subsequent Board discussion/questions about whether the lender will be taking additional risk with the CLEER program changes, Mr. Morel provided additional information to Mr. Hunter on risk mitigation. Mr. Morel described the background on the loss reserve mechanics of CLEER and how it limits risk-taking by the lender. Specifically, because any potential claim (which can be for up to 80% of an individual loan) is limited to 5% of the portfolio maximum, a large loan in fact provides less loss-reserve coverage on a percentage basis than a small loan. So, though the Green Bank faces the risk that the entirety of our loss reserve could be called on in a claim from a single loan, the lender will be considering less loss reserve coverage at the outset and will not be likely to place additional risk on those originations .

Mr. Hunter moved the motion; Mr. Sahadi seconded. No Board member raised a point for discussion.

A roll call vote was taken.

All in Favor: 7

All Opposed: 0

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

Ms. Norman then requested a motion to adjourn.

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

A voice vote was taken.

The voice vote was unanimous.

The meeting ended at 4:07 PM