

**Montgomery County Green Bank
Board of Directors Meeting
By Teleconference
Wednesday, May 5, 2021 at 1:30 PM**

Board of Directors Meeting Minutes

1. Call to Order and Roll Call

Marcene Mitchell, Board Vice-Chairperson of the Montgomery County Green Bank (“Green Bank”) Board of Directors (“BOD” or “Board”), called the Board meeting to order at 1:37 pm. (Ms. Bonnie Norman, Board Chairperson, excused herself from the meeting due to a scheduling conflict.) The meeting was conducted by teleconference in consideration of the COVID-19 pandemic.

Roll call confirmed the attendance of the following:

- Mr. Bert Hunter (Board Secretary), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- 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
- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Ms. Marissa Ramirez, Senior Community Climate Strategy Manager, National Resources Defense Council
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission (HOC) (arrived at 1:47)
- Ms. Marcene Mitchell (Board Vice-Chair) Senior Vice President, Climate Change, World Wildlife Fund
- Ms. Stacy Swann, CEO and Founding Partner, Climate Finance Advisors, Benefit LLC
- Mr. Michael Coveyou, Director of Finance, Department of Finance, Montgomery County

A quorum was present.

Not Present:

- Ms. Bonnie Norman (Board Chair), President, E3 International, LLC
- Mr. Adam Ortiz, Director, Department of Environmental Protection (DEP), Montgomery County

Other meeting attendees included:

- Mr. Thomas Deyo, CEO, 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

2. Public Introductions and Comment

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

No members of the public were in attendance.

3. Approval of the Agenda

Ms. Mitchell reviewed the agenda for the Board.

Ms. Mitchell then requested a motion to approve the agenda. A voice vote was taken on the motion and the motion passed unanimously.

4. Approval of Meeting Minutes

Mr. Hunter asked for a motion to approve the minutes from March 24, 2021 Board of Directors meeting.

R1: Approval of Minutes for the March 24, 2021 BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for March 24, 2021.

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

Ms. Swann inquired if the Board Book incorporated requested changes. Mr. Deyo confirmed the Board Book was updated for the changes.

Ms. Mitchell asked that her title and employer be updated in the minutes.

With that adjustment, Mr. Hunter asked for a voice vote on the approval of the minutes.

All in Favor: 8

All Opposed: 0

Abstained: 0

5. General Session

Ms. Mitchell moved the meeting to the General Session.

A. Finance and Operations

Ms. Mitchell asked Mr. Marconi to open the Finance and Operations session and the presentation on the Fiscal Year 2022 (FY22) Budget Summary.

Mr. Marconi thanked Ms. Mitchell, stating that Mr. Deyo and the Green Bank staff had developed the draft FY22 budget being reviewed by the Board at this meeting. Mr. Marconi noted that the Finance and Operations Committee had reviewed the draft budget twice before this meeting. Mr. Marconi asked Mr. Deyo to provide the budget presentation

Mr. Deyo thanked Mr. Marconi, the Finance and Operations Committee and the Board Leadership for reviewing and providing input on previous versions of the budget. The presentation and budget reflect the comments offered by those groups. This presentation of the draft FY22 budget is to receive comments before final consideration for approval of the FY22 budget at the June 2021 Board Meeting.

Mr. Deyo stated the FY22 Budget Summary includes an overview of the drivers and workplan goals that stress major accomplishments, being a tactical partner for the County Climate Action Plan, building intentional engagement towards diversity, and increasing the Green Bank's impacts. The budget presentation also shows budget allocations to support the growth of existing efforts and undertaking new FY22 key initiatives. Included in the materials is also a steady state business model showing a 10-year projection of revenues, expenses, and capital to reach self-sustainability.

Mr. Marks joined the meeting at 1:47 PM

Mr. Deyo started the presentation with "The Drivers" for the budget, which represent the FY22 success measures. The theme for the budget is Scaled, Equitable, and Transforming the Marketplace.

Mr. Deyo described to the Board that the five main drivers include:

- a. Achieve highly successful outcomes on three efforts that deliver scaled, strategic, or reputational homeruns.
- b. Deliver key actions that demonstrate being an effective County / CAP partner.
- c. Building equitable market access and production through an intentional engagement strategy and deliveries.
- d. Make a substantive impact with Products to "Meet Market Demand" with minimum \$15 million in FY22 project-value production and a portfolio with projected value of \$23 million at end of FY22.
- e. Establish foundation for expansion.

Mr. Deyo followed by reviewing both the Growing Existing Efforts and Stretch workplan goals for the Green Bank in FY22. Mr. Deyo then reviewed the FY22 strategic design of the Green Bank that includes several elements: driving to reach at least three substantial market,

strategic, or reputational accomplishments; getting solid production from its suite of products and conducting efforts to drive business. Mr. Deyo further reviewed the projected closings-by-product that would achieve a \$23 million portfolio by project value by end of FY22.

A Board member asked for clarification on how the projected portfolio by project value for the end of FY22 aligned with the capital allocation projection. Mr. Deyo walked through the makeup of the project value in the portfolio for the closed transactions, and the Green Bank capital associated with this portfolio. The capital associated with transactions differs by the type of product used, such that loan loss reserves are less capital than direct capital investments.

A Board member asked to be walked through the projection projects as the numbers did not appear to sum. Mr. Deyo noted that the chart was missing the starting portfolio at end of FY20 which when included achieves the \$23 million projection shown for the end of FY22.

A discussion on leverage for the Green Bank took place, which Mr. Deyo stated that the end of FY22 leverage is lower than the expected ultimate portfolio leverage of 4 to 1 when all products are fully used. By the end of FY22, the products using the loan loss reserve which are high leverage are not projected to be fully realized which results in a lower leverage at that point.

A Board member noted that other green banks also started at a lower leverage rate and that the presented projections for the Green Bank seems to be right and should progressively increase as the portfolio grows.

A Board member noted that the term “leverage” was used in different ways. In one instance it is for capital leverage. In another instance it would be better thought of as program leverage of the Green Bank, such as what the Green Bank brings in for C-PACE but does not deploy capital for that product.

A Board member asked for additional details about the resiliency effort by the Green Bank. Mr. Deyo stated the Green Bank had suggested several legislative changes to its charter to the County that would add resiliency as an area of work, including support of any resiliency authority that may be created by the County. This proposed legislation is with the County for consideration.

Mr. Deyo then reviewed the staffing for the Green Bank. The FY22 budget presentation proposes seven FTE, including a Commercial & Industrial Business Manager which is currently in the process of hiring and was part of the FY21 budget and a request for a new Communications and Community Engagement Manager position in FY22. The FY22 budget for this new position would be partially covered by budget savings of about \$45,000 that was spent in FY21 for communications consultants that would now be the work of the new position.

A Board member asked if the Communications and Community Engagement Manager would be more of an outreach person or a general communications manager. Mr. Deyo stated it

would be both. The Green Bank needs to be regularly communicating and thinking about our newsletters, website and keeping content fresh. Then, the outreach and community engagement of reaching underserved markets in the County also requires dedication and a large level of effort, especially with building trust with communities.

A Board member reflected on the staffing chart presented on the principal and support roles of staff for various Green Bank activities and suggested that an additional perspective be shown that reflected the principal management roles that Mr. Deyo and Mr. Morel assume to reach the overall corporate goals.

Mr. Deyo then reviewed the “Budget Basics”, including the budget structure and a summary of revenue and expenses. Mr. Deyo noted that expenses were grouped to show those generally fixed expenses necessary to run the corporation and those variable expenses that support the production and marketing elements of the corporation but are more of a discretionary expense.

Board members suggested that the presentation of earned income separate out the revenues derived from County reimbursements to get a clearer picture of the earnings from products and transactions.

Mr. Deyo continued with the details of the budget. As part of this presentation, Mr. Deyo walked through the variable expenses and how they break down expenses related to Growing the Existing Efforts and to the New FY22 Key Initiatives. Mr. Deyo noted that about 50% of the variable expenses were for these new FY22 Key Initiatives, and that the 50% for the Growing Existing Efforts was consistent with the variable expenses for these efforts in FY21.

Ms. Mitchell asked if there any questions on the presented budget. No Board member raised any additional points of discussion.

Ms. Mitchell stated that if there were any questions following the meeting about the budget details, Board members should follow up with emails to Mr. Deyo.

Mr. Marks left the meeting at 3:10 PM

Ms. Mitchell introduced an approval sought by Mr. Deyo from the Board to proceed and post for the Communications and Community Engagement Manager position and allow the Green Bank to begin the recruiting process. No offer would be made until a final budget was approved by the Board but, allowing to post and recruit would allow the Green Bank to be ready to start the next fiscal year with that position in place if the FY22 budget were approved.

Mr. Sahadi voiced his support when Ms. Mitchell asked if there were any questions. Ms. Mitchell clarified that approval for this position would be contingent upon Board approval of the budget in June; this approval is simply to begin the recruiting process.

Ms. Mitchell requested a general voice vote for approval to allow posting and recruiting of a Communications and Community Engagement Manager.

A voice vote was taken and passed unanimously.

Ms. Mitchell then asked Mr. Deyo to summarize the request for a change to a charge related to the Green Sustainability Funds and its use in the Commercial Solar Power Purchase Agreement product.

Ms. Mitchell subsequently introduced the resolution to amend the prior approval of the Commercial Solar Power Purchase Agreement product.

R.2: Adoption of Amendments to Commercial Solar Power Purchase Agreement Product

A MOTION TO ADOPT the following amendment to the Commercial Solar Power Purchase Agreement as presented to the Board on May 5, 2021:

- a. Nonprofit Deployment Charge to replace the Nonprofit Servicing Fee. Nonprofit Deployment Charge to be set at 3.0% per annum of the projected outstanding nonprofit loan amount through loan maturity for each loan using the Green Sustainability Fund. The fee will be charged in the quarter following the closing of the loan at the present value of all expected fee payments for the term of the loan.

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

A roll call vote was taken.

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

Ms. Mitchell then moved the meeting to the Governance portion of the meeting which was to take place in closed session.

Governance

Ms. Mitchell introduced the closed meeting resolution.

R.3: Adoption of a Closing Statement to proceed into a Closed Session

This closing statement was prepared by CEO, Tom Deyo, and I, Marcene Mitchell, Vice 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 personnel items of the Montgomery County Green Bank, per the “personnel matters” exception §3-305(b)(1). The reason for closing the meeting is to discuss Board member confidential matters.

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

A voice vote was taken, and the motion passed unanimously.

All in Favor: 8

All Opposed: 0

Abstained: 0

Mr. Marks rejoined the meeting at 3:22 PM

The meeting entered closed session at 3:23.

6. Closed Session

Ms. Mitchell requested a motion to end the closed session. Mr. Hunter made the motion. Ms. Ramirez seconded the motion.

All in Favor: 8

All Opposed: 0

Abstained: 0

The closed session ended at 4:17 PM

7. Adjournment

Ms. Mitchell asked for a motion to end the Board meeting. Mr. Swann made the motion. Ms. Brown seconded the motion.

All in Favor: 8

All Opposed: 0

Abstained: 0

The meeting adjourned at 4:18 pm.