

**Montgomery County Green Bank
Board of Directors Meeting
By Teleconference
Wednesday, November 2, 2022, at 8:00 AM**

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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 8:02 AM. The meeting was conducted by teleconference.

Roll call confirmed the attendance of the following:

- Ms. Bonnie Norman (Board Chair), President, E3 International, LLC
- Ms. Marcene Mitchell (Board Vice-Chair) Senior Vice President, Climate Change, World Wildlife Fund.
- Mr. Robert Sahadi (Board Vice-Chair), Managing Principal, Greenspace Investment
- Mr. Bert Hunter (Board Secretary), Executive Vice President and Chief Investment Officer, Connecticut Green Bank
- Mr. Brian Marconi, Partner, Cohn Reznick LLP
- Mr. Kyle Danish, Partner, Van Ness Feldman
- Ms. Marissa Ramirez, Director, Community Strategies, National Resources Defense Council
- Mr. Michael Coveyou, Director of Finance, Department of Finance, Montgomery County
- Ms. Stacy Swann, CEO and Founding Partner, Climate Finance Advisors, Benefit LLC
- Ms. Adriana Hochberg, Climate Change Officer, Montgomery County and Acting Director, Department of Environmental Protection. *(joined at 8.07am)*
- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission

A quorum was present

Other meeting attendees included:

- Dylan Dalling, Auditor, Novogradac and Company
- Justin Schultes, Auditor, Novogradac and Company
- Mr. Thomas Deyo, CEO, Montgomery County Green Bank
- Mr. Stephen Morel, Chief Investment Officer, Montgomery County Green Bank
- Ms. Cindy McCabe, Montgomery County Green Bank

- Mr. Rokas Beresniovos, Montgomery County Green Bank
- Ms. Tyniah McDuffie, Montgomery County Green Bank
- Mr. Scott Dicke, Montgomery County Green Bank
- Ms. Mariann Zylstra, Montgomery County Green Bank
- Ms. Myra Cobb- Davis, Montgomery County Green Bank
- Ms. Jean Moyer, Montgomery County Green Bank
- Mr. Joshua Myers, Montgomery County Green Bank
- Ms. Lucy Chihandae, Montgomery County Green Bank
- Ms. Mary Casciotti, Montgomery County Department of Finance
- Mr. Stan Edwards, Special Advisor to Montgomery County Green Bank, Montgomery County Department of Environmental Protection

2. Public Introductions and Comment

Ms. Norman noted that there were no members of the public in attendance. The meeting moved on to the approval of the agenda.

3. Approval of the Agenda

Mr. Deyo called out that in the revised final agenda in the Board package that the Board would only focus on the FY22 Audit and 990. The other business on the prior agenda had been moved to the November 16th Board meeting.

Ms. Norman then requested a motion to approve the agenda as presented in the final Board book.

Ms. Ramirez made a motion to approve the agenda; Mr. Danish seconded.

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

The chair asked Mr. Marconi to proceed with General Business and review of the FY22 audit and 990 with the auditors from Novogradac.

General Business

Finance and Operations

FY22 Audit Presentation

Mr. Marconi started by introducing the auditors from Novogradac and noting that FY22 is the first time Montgomery County Green Bank is being audited by this firm.

Mr. Deyo commented that the Finance and Operations team met with the auditors from Novogradac on October 14, 2022 to review the FY22 audit and 990. Based on comments made during the meeting and follow-up emails, the final FY22 audit and 990 were subsequently circulated to the Finance and Operations and the Committee then approved

those documents to be presented to the Board at this meeting for the consideration of the Board for approval.

Mr. Dalling from Novogradac then made the presentation stated that the firm had worked with Ms. Moyer and Mr. Deyo and current accountants from CLA, and that Novogradac had also engaged with the FY21 auditors from BDO and had not found any issues there with the FY21.

Mr. Dalling indicated that Novogradac did not encounter difficulties in doing the audit. Novogradac received cooperation and timely response from management and staff.

Mr. Dalling noted that Novogradac will provide a standard correspondence letter for the Board once the audit is approved and finalized. The letter will confirm that the loans receivable and loss allowances are estimates and Novogradac reviewed the methodology and the way the estimates were made, and Novogradac agreed with them, and the disclosure on the donor restrictions on net assets. Mr. Dalling noted this is a standard letter and nothing of concern to note. Mr. Dalling stated that Novogradac did not encounter any difficulties in performing the audit and had no disagreements with management. Mr. Dalling stated that Novogradac expects to issue a clean opinion, and there will be a paragraph calling out prior year financial statements as Novogradac did not audit those. That will not be something on a future audit. The document also points out a change in the accounting principle which hasn't had much effect on MCGB.

Mr. Dalling then walked through the FY22 audit with the Board. He reviewed the statement of financial position and noted the increase or decrease in loans held by the company and the presence of restricted cash. Mr. Deyo added that the Funds held for Program Liability were the funds received by the Green Bank from the utilities as loss reserve funds for the statewide CEA program loans.

On the statement of functional expenses Mr. Dalling mentioned that there was an increase in administrative revenues from grants and other contributions as well as a substantial release of restricted funds for the Multifamily and Low- and Moderate-income funding which release was affirmed with the County.

Mr. Dalling reviewed the expenses and noted increased program work and increases from inflation was consistent with other companies in the same industry. Mr. Dalling also reviewed the 60/40 split on the percent of expenses for program services to supporting services as this was an inquiry in the Finance and Operations meeting. Mr. Dalling explained that the 60/40 split is a common split seen with similar organizations.

Mr. Dalling concluded by calling out the Subsequent Event on Footnote 9 which was added after the Finance and Operations meeting and calls out the expectation on funding to the Green Bank from the recently enacted County bill providing funds to the Green Bank from County's fuel energy tax. He said they noted it as future revenue for the Green Bank.

Mr. Dalling then responded to inquiries from the Board and Mr. Deyo.

Mr. Dalling mentioned that In-Kind Services are shown higher in FY22 as Novogradac takes the position the value should be reflective of the legal services offered and received by the Green Bank.

Ms. Norman noted that there was bad debt reflected in FY22 yet there was none in FY21. Mr. Dalling said it was because there were additional loans in FY22 which created a larger loan loss allowance related to the bad debt expense and more noticeable in FY22 with the loan loss allowance. Mr. Deyo mentioned that the Green Bank were reviews the credit rating on all outstanding loans monthly and that exercise results in the bad debt rating and determination of a loan loss allowance.

Ms. Swann asked what the policy for write offs were. Mr. Dalling explained that defaults would be booked against the loan loss allowance. If the write-off is larger than the loan loss allowance, then would create additional bad debt expense. The loan loss allowance would be usually enough as the loan would be moved into a higher loss rating and have enough to cover this write-off.

Mr. Deyo also explained the process for that monthly the team reviews the assets in portfolio assigning a watchlist and that creates the loss loans. Any determination of a write-off would be as evaluated on a case-by-case basis according to the documents and determination that a loan was in special servicing and not recoverable. Mr. Hunter acknowledged that this was an expected practice, and a write-off would occur after collateral was assessed.

The Board had no further questions on the FY22 audit.

FY22 990 Presentation

Mr. Dalling then moved on to present the FY22 990 which is an IRS return that largely reflects the information in the FY22 audit. Mr. Deyo noted a change was made in Part VI (9) to indicate the Green Bank does shoulder a custodial account as the Green Bank holds funds for the County.

Mr. Hunter asked if Novogradac looked at a review of the contribution and revenue sourcing of the company. Mr. Dalling responded that they do look at all these funds and audit these sources and did not find any items of concern.

Mr. Deyo asked if Mr. Marconi had any other items to raise on the FY990 post the Finance and Operations Committee. Mr. Marconi indicated he had no additional questions.

The Board had no further questions on the FY22 990.

Ms. Norman subsequently requested the meeting go into closed session and made the following Motion.

R1. Closing Statement

This closing statement was prepared by CEO, Tom Deyo, and I, Bonnie Norman, 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 Fiscal Year 2022 audit of the Montgomery County Green Bank's financial statements and the related Fiscal Year 2022 IRS Form 990 with the Montgomery County Green Bank's auditor, per the "other law" exception §3-305(b)(13). The reason for closing the meeting is to discuss confidential financial information pertaining to preparation of the audit.

Ms. Norman had made the motion; Mr. Hunter seconded. No further discussion was held.

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

All in Favor: 11
All Opposed: 0
Abstained: 0

The meeting then went into closed session.

The Board came out of the closed meeting session at 8:42 am

Ms. Norman then introduced the following resolution to adopt the FY22 Audit and FY22 990 for the Montgomery County Green Bank

R2. Adoption of the FY22 Audit and 990 for the Montgomery County Green Bank

A MOTION TO APPROVE the Audited Financial Statements for Fiscal Year 2022 of the Montgomery County Green Bank ("Green Bank") and the Fiscal Year 2022 IRS Form 990 as submitted to the Board by the Green Bank's auditors, Novogradac and Company LLP on November 2, 2022.

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

No further discussion took place.

A roll call vote was then held and the motion passed unanimously.

All in Favor: 11
All Opposed: 0
Abstained: 0

4. Adjournment

Ms. Norman reminded members that the next Board meeting was set as an in-person meeting on for Wednesday November 16, 2022 in the afternoon.

Mr. Deyo commented that the FY23 energy tax funds had started to arrive from the County and these funds would be reflected in the Montgomery County Green Bank balance sheet. Mr. Deyo also noted that the Paddington Square project had completed its funding.

Ms. Norman requested a motion to adjourn the meeting.

Ms. Hochberg made the motion; Mr. Marconi seconded.

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

The meeting ended at 8:45AM.