

**Montgomery County Green Bank
Board of Directors Meeting
By Teleconference
Wednesday, January 25, 2023, at 1:30PM**

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 1:31 PM. 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 (*joined at 1.56pm*)
- Mr. Brian Marconi, Partner, Cohn Reznick LLP (*joined at 1.35pm*)
- Mr. Kyle Danish, Partner, Van Ness Feldman
- Mr. Michael Coveyou, Director of Finance, Department of Finance, Montgomery County
- Ms. Stacy Swann, CEO and Founding Partner, Climate Finance Advisors, Benefit LLC (*Joined at 1.38pm*)
- Ms. Adriana Hochberg, Climate Change Officer, Montgomery County and Acting Director, Department of Environmental Protection.
- Ms. Marissa Ramirez, Director, Community Strategies, National Resources Defense Council

Absent:

- Mr. Zachary Marks, Director of Development, Housing Opportunities Commission

A quorum was present.

Other meeting attendees included:

- 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. Thomas Deyo, CEO, Montgomery County Green Bank
- Mr. Stephen Morel, Chief Investment Officer, Montgomery County Green Bank
- Mr. Rokas Beresniovass, 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. Brianna Bolen, 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

Guests:

- Mr. Mumin Barre, Islamic Center of Maryland
- Alex Minjae Cha, HBS Energy
- Brian Kim, HBS Energy

2. Public Introductions and Comment

Ms. Norman noted that there was a member of the public in attendance and asked him to introduce himself.

The meeting moved on to the approval of the agenda.

3. Approval of the Agenda

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

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

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

Since Mr. Hunter was not yet present, Ms. Norman noted that the Board would proceed with approval of meeting minutes once Mr. Hunter joined the meeting.

Mr. Marconi joined the meeting at 1:35 pm.

Ms. Swann joined the meeting at 1:38 pm.

5. Administrative Business

Ms. Norman moved the meeting to Administrative Business and asked Mr. Deyo to provide his report.

Mr. Deyo presented a brief report on activities of the Green Bank since the last board meeting in November. As to capital, Mr. Deyo mentioned that the Green Bank had received more monthly installments of Energy Tax funding from the County and that a revised application for the USDA Rural Energy Savings Program had been submitted in early January.

As to operations, Mr. Deyo noted that the FY22 Annual Report to the County Executive and County Council was submitted in November 2022 and that this was deemed by County's Department of Finance to have met the requirement of the County legislation for the Green Bank to submit an annual report by December 31. As this is the first year of Energy Tax funding, such information will be in the FY23 annual report. Mr. Deyo also noted that the first quarterly report on the Energy Tax had been submitted to the Department of Finance in early January 2023.

Mr. Deyo also stated that an insurance consultant was hired to assist with insurance renewals and was approved by Finance and Operations following a procurement process.

Mr. Deyo also noted the launch of the technical assistance program using Energy Tax funding and that 10 contractors had signed on to the program.

Mr. Deyo also called out the public 2022 Annual Report in the Board book which will be published after the Board meeting.

Mr. Deyo also mentioned the inclusion of the FY23 Workplan scorecard in the Board book showing Green Bank progress to date and reviewed several items, in particular noted the areas where the Green Bank was meeting the baseline goals for deployment and production but at risk of missing the stretch goals for these factors. Mr. Deyo inquired if there were any questions for the scorecard.

Ms. Mitchell expressed that the emphasis in the FY23 Workplan goals is on the deployment of capital, and the Green Bank is seeing results in bigger yet fewer deals, and the deals include leverage of other partner funds. She noted that the deployment metric shown for closed transactions used the full amount of funds for projects while there was some capital brought by others. Ms. Swann also added that putting more dimension to the definitions to help account for the participation would be useful in defining deployment consistently. Mr. Deyo noted that the deployment counted for transactions included the full amount of the loan per agreement with Board Leadership as the deal had been approved for the full amount of the Green Bank without committed participants and the transaction could only have moved forward because the Green Bank was willing to make that investment at the full amount. It so happened that the Green Bank was successful in getting participants and so it did reduce the amount of actual Green Bank capital post that commitment and this is shown in the accounting treatment. Ms. Mitchell noted the importance of the Green Bank to show leverage with partners and include more diversified smaller projects.

There were no further questions on the FY23 Workplan scorecard.

Ms. Norman next invited Mr. Morel to provide his Chief Investment Officer report.

Mr. Morel presented a summary of the Investment activity of the second quarter including reaching over \$31 million in production value and \$13 million in deployment of capital.

Mr. Morel highlighted a few noteworthy activities closed in this quarter, including an Electric Vehicle Charger Infrastructure loan, the 2.1 MW Seneca Village Solar Transaction, and the Olney Professional Building with Sandy Spring Bank. Mr. Morel expressed that the Seneca village closing was a monumental execution for the company as it was the largest solar on a multifamily property in the county and ended up including two participating lenders, a CDFI and another green bank.

Ms. Norman acknowledged two new guests who had joined the meeting and asked them to introduce themselves.

Mr. Hunter joined the meeting at 1:56 pm.

Ms. Norman asked Mr. Edwards to provide an update from the county.

Mr. Edwards mentioned that the County Bill seeking an amendment to the Green Bank's enabling legislation to include resilience related activity was going to be presented to the County Council on January 31, 2023. Mr. Edward's also noted that DEP would continue to work with the Building

Energy Performance (BEP) Board to develop proposed regulations for the building to develop the performance standards. Lastly, he mentioned that DEP was keeping a close eye on regulations being developed by Maryland Park and Environment that would govern the State BEP Program that would phase out onsite combustion in multifamily homes by 2040.

Ms. Norman then called on Mr. Hunter for approval of the minutes of the board meeting of November 16, 2022.

4. Approval of meeting minutes

R1: Approval of Minutes for the November 16, 2022, BOD Meeting

A MOTION TO APPROVE the minutes of the Board of Directors Meeting for November 16, 2022.

Ms. Hochberg moved the motion; Ms. Norman seconded. There were no corrections offered.

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

All in Favor: 9

All Opposed: 0

Abstained: 1 (Ms. Mitchell was not in attendance at the November meeting)

6. General Business

Market Strategy and Innovation

Ms. Norman then asked Mr. Hunter to introduce the Market Strategy and Innovation (“MSI”) session. Mr. Hunter asked Mr. Morel to review the material on the pipeline for the Green Bank.

Mr. Morel updated on the work of the MSI Committee and reviewed the Green Bank report on closed and pipeline against the FY23 goals. Mr. Hunter complimented Mr. Morel and his team for the great strides taken in the work accomplished.

There was a general discussion concerning the FY23 transactions closed and the pipeline. Ms. Ramirez inquired whether the report indicated that the Green Bank was hitting its deployment goals faster than expected, especially on the base and stretch goals than in production. Mr. Morel confirmed that on deployment the Green Bank would make it on the base goals and stretch goals, and expressed optimism on the team reaching the stretch goal in this fiscal year although this is a challenge.

Mr. Deyo expressed caution in simply looking at the pipeline and sensing there was an easy path to meeting the goals. The Green Bank still needs to maintain momentum and gain more market acceptance which it has a start but needs to be mindful that the Green Bank is still in a start-up phase.

Mr. Sahadi inquired as to the progress on the C-PACE program. Mr. Morel stated that the new C-PACE program factors approved by the County need to be finalized and he is working with the County to do so. With these new factors published then it should increase interest in C-PACE.

Investment

Ms. Norman turned the meeting over to Ms. Swann to give a report from the Investment Committee.

Ms. Swann introduced the new transaction summary format and its associated credit, impact, and sustainability scoring which was brought to the Investment Committee. Ms. Swann let the board know that this session was to inform and ask for approval for the credit scoring element of the transaction summary. The other elements would be for future review and approval.

Mr. Morel provided an overview of the credit score framework.

Ms. Swann noted that this was the start of use to put this framework in practice and see the outcome along with the decisions and investments made. She expected the committee to check on how well it is functioning and bring back adjustments if it would improve the transaction review tool.

Ms. Norman read the resolution for adoption of the credit score element of the transaction summary.

R2: Adoption of Initial Credit Score Protocol for Investment Reviews

A MOTION TO APPROVE the adoption of the Initial Credit Score Protocol as presented at the January 25, 2023 Board of Directors meeting for use in evaluation of potential investments and for tracking investment performance and which protocol may be brought back to Board for revision pending further use of the protocol on future investments.

Mr. Hunter moved the motion; Mr. Danish seconded. There were no further comments.

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

All in Favor: 10

All Opposed: 0

Abstained: 0

Mr. Morel then went on to summarize the other two frameworks of the transaction summary: impact and pricing. A discussion ensued and suggested that leverage should not be weighed higher than equity.

Partnership and Funding

Ms. Norman then turned the meeting over to Ms. Ramirez to give updates on Partnership and Funding.

Ms. Ramirez made a presentation on how to consider impact and introduced several concepts from other sources. She spoke of the four dimensions of justice and how that impacted the energy sphere for marginalized communities.

A general discussion was held around the presentation and the concepts raised and how the Green Bank might review its impact measures.

The Board thanked Ms. Ramirez for the work done to prepare and to bring new ideas on how to think about the equitable impact of the Green Bank's work.

Ms. Norman followed with an invitation for the Board to consider how to help the Green Bank amplify its message. Mr. Deyo summarized the work the Green Bank is doing and seeking others to help push our message out to more audiences. Ms. McDuffie gave more information on how best to

amplify the message to the public, including resharing posts from the Green Bank and commenting on them.

Ms. Norman then moved the discussion to capital updates.

Given the confidentiality of the information being discussed, Ms. Norman moved the motion to enter into closed session.

R3: Adoption of a Closing Statement to proceed into a Closed Session

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 of Directors will discuss certain matters related to the investment of public funds of the Montgomery County Green Bank, per the “investment of public funds” exception §3-305(b)(5).

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

There were no further comments.

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

All in Favor: 9
All Opposed: 0
Abstained: 0

The Board moved into closed session at 3.12pm

Ms. Norman called for a motion to move out of closed session.

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

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

All in favor: 9
All opposed: 0
Abstained: 0

The Board came out of closed session at 3.38pm.

Mr. Deyo then gave an update on the USDA Rural Energy Savings Program application which was resubmitted in early January 2023 to update the initial application of November 2020. The revised application included predominantly changes to collateral terms as requested of the USDA and reviewed by Finance and Operations and Board Leadership. Mr. Deyo noted that the revisions and full revised application were included in the Board book. The revised application requires an updated Board resolution to that approved by the Board in November 2020 to be submitted with the revised application.

Mr. Hunter moved a motion to dispense the reading of the lengthy resolution. Ms. Norman seconded. A voice vote was held, and the motion passed unanimously.

All in favor: 9
All opposed: 0
Abstained: 0

R4: Resolution Adopting Commercial and Industrial Small Business Financing 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 commercial and industrial financing programs to support small businesses for its service territory in support of clean energy investments, including energy efficiency, renewable energy, energy storage, water system efficiency, electric vehicle charging improvements and other clean energy activities consistent with the United States Department of Agriculture's ("USDA") Rural Energy Savings Program ("RESP");

WHEREAS, the Montgomery County Green Bank intends to fund a portion of the commercial and industrial small business financing programs with proceeds from the RESP;

WHEREAS, the Montgomery County Green Bank will offer the commercial and industrial financing programs for small businesses in the County as direct loan / debt investment programs using RESP funds;

WHEREAS, the Montgomery County Green Bank has developed a comprehensive implementation work plan, comprehensive measurement and verification structure, and financial forecast for the commercial and industrial financing programs for small businesses;

WHEREAS, the Montgomery County Green Bank intends to submit a loan application under RESP as prescribed in the Rules and Regulations published in the Federal Register, Vol. 85, No. 64 on April 2, 2020 (the "Application");

WHEREAS, as part of the Application, 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 USDA, in making a determination to make a financially feasible and adequately secure loan to the Montgomery County Green Bank;

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 commercial and industrial financing programs for small businesses to be funded in part by the Rural Energy Savings Program;

BE IT FURTHER 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 RESP as provided in the related Notice of Solicitation of Applications;

BE IT FURTHER RESOLVED that the Montgomery County Green Bank's officers are authorized to apply for and enter into a loan agreement pursuant to the RESP in the amount of \$4,900,000 (the "Loan") to carry out commercial and industrial financing programs for small businesses.

BE IT FURTHER RESOLVED that the Loan shall bear a maturity date to cover an approximate period of 20 years.

Mr. Hunter moved the motion; Mr. Sahadi seconded. There were no further comments.

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

All in Favor: 9

All Opposed: 0

Abstained: 0

Finance and Operations

Mr. Marconi introduced the topic and the initial report of the Green Bank to the County on the use of energy tax funds. He asked Mr. Deyo to review the energy tax use report.

Mr. Deyo reviewed the first quarterly report that covered the first two quarters for FY23. The report was one developed with the County's Department of Finance. Mr. Deyo reviewed the highlights, including that currently \$13.5 million of the Energy Tax funds had been deployed including \$9 million in transactions, \$3.6 million in support of investment agreements, and \$1.4 million in subsidy funding including 750,000 in technical assistance. Mr. Marconi asked if the \$13.5 million was in committed and approved activities. Mr. Deyo said it was and explained further with a breakdown of the funds and their allocation.

Mr. Marconi noted that the total amount of deployment exceeded the amount received because the Green Bank is tracking transactions as to the total energy tax funds they expect to receive for the fiscal year per the County's FY23 budget appropriation.

Mr. Deyo followed by noting that the Green Bank's financials were in the Board book and that these had been reviewed by Finance and Operations at the January 2023 meeting. He asked if anyone had any questions. No questions were raised.

Governance

Ms. Norman then turned the meeting over to Mr. Danish to give updates on Governance.

Mr. Danish thanked the Board members for getting their Conflict of Interest forms in by January 2023 and stated that though the forms are done annually the obligation to disclose anything that might be a conflict of interest is ongoing and should be brought up once it is even perceived for discussion for a solution. He stated that the Governance Committee had reviewed the forms and that no items were identified that needed the Board to review.

Mr. Danish followed by summarizing work of the Governance Committee to bring a systematic approach to the process of delegating authorities from the Board to both the committees and the Green Bank management.

Mr. Danish noted that the Governance Committee desired to come up with principles and a framework for this issue. Mr. Danish presented a two-page draft delegation policy that he asked the

board to review and send comments to him that could be shared with the governance committee to use to refine the draft policy and bring the framework back for Board approval.

Mr. Danish then updated the board on recruitment for two new board members and noted that the Governance Committee in its role as the board recruitment committee extended the deadline to February 15 .

Mr. Danish then offered an amendment to the Bylaws that would allow initial Board members that did not have partial terms to be allowed to stay for a third 3-year term. Such a change would mean altering the bylaws that provide an initial director could only serve a total of six years and to extend the initial director total term to 9 years.

Mr. Danish followed with the recommendation of increasing the number of Board members beyond the statutory “up to 11” amount to “up to 15”. He suggested that this increase in board size would allow for less board members having to serve on two committees and allow for more diversity.

Mr. Deyo noted that the Bylaws change needs to go to County Council and County Executive for 60 days before they become in effect.

The Board was in agreement with both suggested changes.

Mr. Danish then introduced the following resolution.

R5: Change to Number of Board of Directors

A MOTION TO APPROVE a proposal to Montgomery County to amend the Montgomery County Green Bank legislation in County Code Article 7 Section 18A-47 to allow up to 15 voting board members.

Ms. Mitchell moved the motion; Ms. Norman seconded it. There were no other comments.

A roll-call vote was taken on the motion, and the motion passed unanimously.

All in Favor: 9
All Opposed: 0
Abstained: 0

Mr. Hunter departed at 4:00 pm.

Mr. Danish then moved the following resolution.

R6: Change to Montgomery County Green Bank Bylaws for Terms of Directors

A MOTION TO APPROVE a change to the Montgomery County Green Bank Bylaws per the following and to submit such change to the County as a revision to Bylaws:

2.2 Terms. Directors shall be elected or appointed to the Board for a term of three (3) years. Directors may be elected or appointed to serve up to two (2) successive terms or a maximum of six (6) years, except in the case of the initial Board of Directors, **who may serve up to three (3) successive terms or a maximum of nine (9) years**, ~~for which there shall be a special resolution to appoint a full slate of Directors at the first Board meeting in the first full fiscal year after which the Montgomery County Green~~

~~Bank has received designation as Montgomery County's official Green Bank. At this special election, three (3) non-ex-officio Directors will be assigned by Board resolution to partial 3 terms of two (2) years and three (3) non-ex-officio Directors will be assigned by Board resolution to a partial term of one (1) year. Partial initial terms of Directors will not count towards the applicable maximum term limit, of six (6) and those Directors holding partial initial term seats shall be automatically re-elected or appointed to a full first term of three (3) years if the incumbent chooses to continue on the Board.~~

Mr. Marconi moved the resolution and Mr. Coveyou seconded.

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

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

Adjournment

Ms. Norman sought a motion to adjourn the Board meeting.

Mr. Danish moved the motion. Mr. Sahadi seconded it.

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

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

The meeting ended at 4:11pm