

Chairperson Cheh, Members of the Committee, District Residents:

Thank you for the opportunity to appear before this committee as part of the yearly performance oversight process. Over the past several months, we have worked quickly to build the DC Green Bank team while advancing our mission of providing access to capital and growing the clean economy to develop a more equitable, resilient, and sustainable DC.

We cannot achieve that mission without the leadership of the City Council and the Mayor, and without regular input from the communities that we serve. We greatly appreciate the support that we have received to date and look forward to continuing to engage with you on our work.

DC Green Bank has grown in an unprecedented, tumultuous time – from the pandemic, to the long overdue focus on racial inequality, and most recently to the riot at the Capitol and the subsequent transition to a new Presidential administration. The Council, Mayor Bowser, and our colleagues across the city government have demonstrated tremendous leadership throughout these challenging times. DC Green Bank is fully committed to being a valuable partner on the road to recovery. As part of this commitment, we are working tirelessly to help people, businesses, and communities rebound. We are pathfinders, working to create a trail for private capital providers to follow. By making loans that would not happen without our capital, we build bridges for private dollars to cross into the clean economy so that, over time, all banks become green banks.

The other bridges that we work to build are to ensure a just transition to the clean economy for underserved communities. We are here to accelerate the District’s transition away from fossil fuels, including natural gas, in a way befitting the urgency of the climate crisis. We also believe it is mission critical for us to center equity in our work. We do this in part by ensuring safeguards are in place for a just clean energy transition for our most marginalized neighbors. Specifically, we will take into account the significant race and income disparities in household energy burdens and design our products to help reduce those disparities. We have actively sought and welcome open engagement about how to carry out our mission, including how to balance the imperatives inherent to our mission.

Although our entire team was onboarded during the pandemic, we have bonded around the singular focus of serving as a critical partner as the District pursues its long-term climate and energy goals and also delivers much-needed financial resources to people and communities that need investment right now.

With this context in mind, today, I’d like to share a high-level overview of what we have achieved to date and then give you a sense of the exciting things we have planned for this year as we ramp up capital deployment.

### **Achievements to Date**

I want to thank the Chair and this Committee for their leadership in establishing the DC Green Bank as an independent entity in 2018. The framework the Council created for a flexible entity that is able to move quickly and is a trusted partner for private capital sources continues to be critical to our success. I was hired in April 2020 to move DC Green Bank from concept to reality, and I was fortunate to be able

to build on the outstanding foundation created by our DOEE colleagues and our Board, especially our chair, Brandi Colander. The goal of our start-up phase has been simple: build the institutional capacity needed to achieve our mission at scale, rooted in our values of Sustainability, Clean Economy, and Inclusive Prosperity. As with any start-up of a new organization, if you do not lay the foundation properly, every day could be the day you wake up to everything falling down around you, and our District residents deserve a green bank fully ready to vigorously pursue its mission.

Knowing this fact, last year we focused on our foundation: our people, our operations, and our pilot investments.

**First, our people:** beginning with my role in April, DC Green Bank hired our five-person leadership team throughout the year, with all five members coming on board by October. The leadership team is comprised of the CEO, Financial Controller, General Counsel, Chief Investment Officer, and Director of Operations. Each member of the leadership team is responsible for core functions of the company, hired for their extensive experience, commitment to our mission, and ability to succeed in a startup environment. Once we had our leadership structure in place, we began building out our full team. We focused on adding capacity that not only helps us to make investments, but also ensures that we are making investments aligned with our mission, including bringing on a Sustainability Director and Equal Access Advocate to align with our focus areas. As our investments ramp up and additional community financing needs are identified, we know we have the team in place to act, and can supplement with outside assistance as needed. We now have the right people with the right skills and the right size team to dramatically increase our investments.

**Second, our operations:** as a new institution, our Board, in partnership with DOEE, had the foresight to set us on the path to success by establishing contractual relationships to enable us to open our virtual doors. Our start-up and support needs ranged from banking services, human resources to communications to legal, to IT to auditing. As we have expanded our team, we have professionalized this work and are transitioning to more stable, longer-term contractual relationships for the services that still require external resources. This process is an important step forward in the maturation of DC Green Bank as an institution and our team, including our Board, have committed long hours, weekend and holiday hours, and worked incredibly hard to get us to this place. One clear success of FY2020 was our ability to develop clear internal processes, policies, and procedures. It is important that as we brought on a great team to do the work of the Bank and support our community, we developed policies to take care of our people – these include employment policies, ethics policies, anti-harassment policies, diversity/equity/inclusion policies, and beyond. It is all of these things that often get overlooked or downplayed as institutions start up that can cause problems down the road, and we have worked hard as a team to make sure that we institute sound governance to provide a firm foundation from which we can continually grow and improve.

**And third, I'd like to take this opportunity to spotlight our pilot investments:** We made our first investment to meet a need arising from the impact of the pandemic. Flywheel Development, a local contractor and CBE, had initial approval from a private lender to provide construction funding for a portfolio of eight solar projects. However, as the impacts of the pandemic accelerated, the private financial institution paused all lending activities, leaving the timing of the projects in doubt. As the

projects were also supported by a Solar for All grant, the program DOEE manages through the DC SEU, construction timing was critical in order to be eligible for the grant. DC Green Bank was able to partner with a District-based community development financial institution – City First Enterprises – to quickly fill this gap and help Flywheel to move the projects forward. The eight projects – located in affordable housing communities across Wards 4, 7, and 8, and impacting more than 300 DC households – are in line with DC Green Bank’s commitment to inclusive prosperity and show that all communities in the District have the potential to be leaders on the road to a clean energy future. The projects created 28 full time equivalent clean energy jobs during the construction phase, are expected to generate 1,510 megawatt hours of clean energy and reduce 1,177 tons of CO2 equivalent annually, enough to power over 200 homes. In addition to the benefits to DC’s climate goals, these installations are projected to result in aggregate utility bill savings of \$3.5 million for low-income households over the life of the projects. Lastly, alongside the solar installations, DC Green Bank investment also supported building envelope improvements through vital roof repairs and replacements that will improve the quality of the housing for residents and further increase the energy efficiency of the buildings. You can take a look at some of the projects in construction with a [quick video](#) at the site of several of the projects, Fairfax Villages, including interviews with workers and residents. We anticipate that these projects will be fully operational, with community benefits beginning to flow, in the coming weeks.

### **Ramping up Capital Deployment**

While we continue to get the team up to speed and ramp up our internal operations, I want to share some of our early successes to accelerate capital deployment. We are using existing, field-tested products from other green banks and partnerships, where available, but also creating new initiatives when necessary.

### **Commercial Loan for Energy Efficiency and Renewables (CLEER)**

To date we have adopted two products emerging from our partnerships with other green banks that will support our green building sector focus. Our first product is designed to incentivize additional private investment to flow into energy efficiency and clean energy investments for commercial buildings. CLEER, which stands for Commercial Loan for Energy Efficiency and Renewables, was shared through our partnership with Montgomery County Green Bank. Through CLEER, we provide credit enhancement to commercial lenders through a loan loss reserve. Credit enhancements lower the real and perceived risks to incentivize commercial lenders to develop their expertise and familiarity with various types of green financings so that, over time, risk analysis of green portfolios can be performed in a more expedient manner. Our current \$500,000 commitment with Sandy Spring Bank under CLEER provides credit enhancement for up to \$10 million in clean energy and energy efficiency loan activity, and we are optimistic based on our stakeholder engagement that it will prove to be an attractive option for District developers and contractors. We are pleased that we were able to launch this product during the start-up phase and to have it ready to go as we ramp up activity.

### **Navigator**

The second product we are launching is called Navigator, and was developed by Inclusive Prosperity Capital, a non-profit spun out of Connecticut Green Bank. During numerous conversations with

community members, affordable housing developers, owners, operators, and through stakeholder feedback the most common request we heard was for pre-development financing. We looked to our sister green banks for a ready-made solution that we could bring to DC quickly, and identified Navigator, a pre-development loan for affordable or market rate multifamily properties and non-profit organizations that is designed to support energy savings projects. With Navigator we can support energy audits and benchmarking, design, and engineering, and other reasonable energy-related design and financing costs for renewable and energy efficiency projects. These activities at the outset of planned projects are often costly, time-consuming, and can be real obstacles for developers, contractors, and building owners looking to do their part to contribute to meeting the District's clean energy goals. We anticipate that Navigator will be a critical tool to support building owners in the District to achieve their Building Energy Performance Standards in the coming years.

#### Community Impact Initiative

We are also piloting a new initiative, an engagement platform designed for community institutions that are all too often left out of the private financing, clean energy, and energy efficiency landscape altogether. Pastor Edmonds at Mt. Lebanon Baptist Church and Jahi Wise, then with the Coalition for Green Capital and now at the White House, reached out to us to explore developing financing solutions for faith-based institutions. Based on these conversations, we are developing, alongside Pastor Edmonds and other community leaders, tailored financial support for non-profit institutions, houses of worship, and similar pillars of the community for small-scale investments to make necessary upgrades, improvements, and replacements. These smaller investments will be adapted to meet specific institutional needs and we believe will often be the difference between replacing failed equipment with the least cost alternative - which will be more expensive and polluting over time - or transitioning to cleaner and more efficient systems so that they can continue to serve their communities with distinction. By having the right people in place, particularly our Equal Access Advocate Shyrah Kum, we have been able to advance these discussions and are now engaged with 20 community institutions. These community groups support our residents and lead on so many issues across the District and we want to make sure they have access to the financial resources to lead on clean energy and energy efficiency as well.

#### Green Recovery

Another focus area, and as I stated previously, for DC Green Bank is supporting a green recovery for the District. With that in mind, we know that small businesses will be at the forefront of this recovery and have been severely impacted by the pandemic and associated economic downturn. There is no other way to say it – District small businesses are hurting. To answer the call, we are engaging with local community investment partners, including CDFIs like City First Enterprises, WACIF, and LEDC to leverage their expertise and existing connections with small businesses in the community to deploy capital quickly. We are also in the process of learning from other green banks around the country, including right across the border in Montgomery County, so that we can adopt a loan product that helps small business owners - key engines of the District economy - to make affordable, critical energy and efficiency investments now in order to come out of the pandemic more resilient. We look forward to sharing more details on the community engagement platform and our small business outreach as we

make progress, and to working closely with each of you to identify additional community groups that would like to partner with us – especially food banks, community-based health institutions, and childcare and family support services.

### DC PACE

I will close this section out by noting that we are having ongoing conversations with our friends at DOEE to ensure a smooth and uninterrupted transition of the administration of the DC PACE program, and we will keep Council apprised of the expected timeline for the full transition. The DC PACE program is a crucial tool in the District’s toolbox to meet our collective climate and energy goals in partnership with the building industry, and we stand ready to build on the existing successes and seamlessly integrate it into the portfolio that I have just outlined.

### Closing

In short, the pilot investments and products detailed above have been developed to meet what we know to be large-scale demand in the District, and large-scale need in order to meet our collective climate and investment goals. The Coalition for Green Capital estimates that it will take over \$2 billion of investment in the coming years to meet the District’s climate goals, the vast majority of which will need to come from private funding. However, at this time, we have identified a pipeline of over \$890 million of potential financing needs, with \$46 million of that as direct financing opportunities for DC Green Bank and our goal is to bring in private capital to fuel the rest. The pipeline includes potential investments across our core sector focus areas – solar, stormwater resilience and green infrastructure, green buildings, and transportation electrification – and are in support of numerous District priorities, including schools and community serving organizations, residents in affordable housing, small businesses, nonprofits, and beyond. In addition, our investment in developing the pipeline and our foundation has created opportunities for broader partnerships. For example, we are currently in talks with a private capital provider for a partnership to deliver an additional \$100 million of private green capital into our community through DC Green Bank. We would be happy to share additional details with Council and with the community as this partnership develops.

I raise all of the above to make it clear that we have spent the time needed to put together a strong foundation for DC Green Bank, with strong policies and procedures, and an attractive offering of products and initiatives so that we are fully ready to meet this emerging demand. FY2021 will be the year that we ramp up investment and do so in a way that is equitable and accountable to District residents and our government colleagues.

### Transparency

Accountability and transparency are among our highest priorities at DC Green Bank. In our first few months we have hosted or participated in over 20 virtual sessions with the public, targeting a wide range of audiences, and invite public comments at all regularly scheduled Board meetings. We want input from the people of DC on how we should prioritize our investments, how we measure our success and impact, and how we can all prosper as we work to achieve DC’s sustainability goals. Key milestones for FY2020 included the issuance of our first audit, annual report, and holding our first public hearing. In

addition, we are in the process of developing the Bank's Performance Targets. These Performance Targets will help us to measure our impact and success in line with principles of strong financial stewardship and are organized around our core values – Sustainability, Clean Economy, and Inclusive Prosperity. DC Green Bank staff developed proposed targets and they are currently available for public comment, with that period slated to close on March 8. We recently held a public meeting to present the proposed targets to the public and to solicit verbal input. We are eager for District residents to comment and we welcome the Council's support in getting the message out about this critical guidepost for the work of DC Green Bank.

As I close out this section on transparency, I must also note that we know that our website, DC Green Bank's front door in these virtual times, needed an upgrade in order to provide the important information and transparency our constituents need in order to be full partners in our mission, and we are pleased to announce that our new and improved site will go live next Monday, March 1<sup>st</sup>.

In conclusion, on behalf of the whole DC Green Bank team I would like to thank Chairperson Cheh, this committee, and the entire Council, for your leadership and foresight, and for setting the stage to elevate the District as a national model in sustainability, clean energy, and resilience to climate change. We spent FY2020 ensuring that we have everything in place to set our vision, pursue our mission, and embody our values, and we look forward to working with all of you to make FY2021 a year of results, impact, and a green recovery for all DC. Thank you.