



Board of Directors of the District of Columbia Green Financing Authority
Meeting Minutes of Board Meeting #7
Thursday, February 27, 2020
2:30 – 4:30pm

A meeting of the Board of Directors of the District of Columbia Green Financing Authority (“DC Green Bank”) was held on **Thursday, February 27, 2020** at the office of the Department of Energy and Environment (DOEE), 1200 First St NE, Washington, DC 20002, United States.

1. Call to order and verification of quorum

District of Columbia Green Finance Authority (doing business as DC Green Bank) Board Chair, Brandi Colander, called the meeting to order at 2:31pm. Ms. Colander asked Mr. Ed Hubbard to verify a quorum. With six voting members present, the Board had a quorum (6 members present), and the meeting continued.

Board members participating: Brandi Colander, Tommy Wells, Edward Hubbard, Ricardo Nogueira, Todd Monash, Priya Jayachandran, Lori Chatman, Bruno Fernandes, Jonathan Kayne, Hannah Hawkins

Board members absent: Sarosh Olpadwala,

Staff attending: Jay Wilson

Members of the public in attendance: Hussain Karim (DOEE), Chico Horton (Tiber Hudson), Malik Edwards (Tiber Hudson), Bracken Hendricks (Urban Ingenuity), Tom Deyo (Montgomery County Green Bank)

2. Adopt the agenda and Approval of the Minutes from the January 23, 2020 Board Meeting

A motion was made to adopt the February 27th meeting agenda and to approve the minutes from the January 23, 2020 board meeting by Ms. Colander. The motion was seconded by Mr. Hubbard. Ms. Chatman abstained from the vote. The motion passed (5-0-1).

Lori – 1st

Rick – 2nd

Minutes

Ed – 1st

Rick – 2nd

3. Public comments

Ms. Colander opened the floor for public comments. There were no public comments at this time.

4. Communications and Engagement

Mr. Wilson reported that since the last Board meeting, the following public presentations and meetings have occurred:

- 1/23/2020, 6:30-8:30pm – Leaders in Energy & Potential Energy DC - 6th Annual Green Finance Forum, Regional Green Bank panel (J. Wilson)
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Upcoming events:

- 3/10/2020, 6-7:30pm – American Bar Association - Section on Environment, Energy, and Resources: Green Banks in the DC Region: What are they and How can I get Involved? (J Wilson, B. Colander)
- 4/1-2/2020, 11am-5pm (Online) – National Wildlife Federation EcoCareers Conference (J. Wilson)
- 4/29-30/2020 – Facilities & Campus Energy North America; Business Strategies and Operational Models for Developing a Resilient, Efficient, Sustainable and Flexible Energy Plan for your Facility or Campus (Still need to confirm through Alan Barak) (new CEO?)

5. Summary on committee/contract work

HR Committee:

Rick provided an update on the interview process. Candidates have been narrowed down to 3 individuals who are going to present tomorrow morning what their plan is for the first 30/60/90 days. Executive Recruiter will be providing reference report tonight. Dylan Green will be sending another invoice.

Governance Committee:

Focus has been implementation of the legal contract. Focus was getting them up to speed and asking what has been done and what will be done in the short- and medium-term. They will be facilitating the HR efforts, including employment practices liability insurance application. Governance documents have been provided to them.

Communications Committee:

Discovery Workshop on 3/5.

Finance:

Working on the budget next week to finalize for potential oversight hearing. \$7M may be part of a variable amount – DCGB has first dibs on \$7M – PSC will certify total funding available in April. SETF should be static amount of funding. Need to show that the money is being put to work so that it is not

Mr. Hubbard (chair of Governance/Legal Committee) reported they have executed the contract for Tiber Hudson, and introduced Tiber attorneys Chico Horton and Malik Edwards.

Grantee scope of work:

Harcourt, Brown, & Carey (HB&C) was the grantee to DOEE for the DC Green Bank Development Phase II Grant. A grant extension was executed by DOEE and is scheduled to end February 29, 2020. At this time, the Board of Directors has decided not to move forward with the proposed scope of work as they wait for an Executive Director to be brought on board to lead the efforts going forward with this grant. All additional funding for the grant will be allocated from DC Green Bank.

Board Training – Board basics

Looking at dates and talking to a consultant.

PACE Report – and how to integrate PACE into the DCGB
Technical issue about moving signatures to an independent authority – may require statutory amendments to make that work. DC was the first c-PACE program to do PACE with LITC and PACE with tax exempt bond issuance.

CAEA Auditor Report – Being released this week. Will be shared with the Board.

6. Board Boot Camp

Ms. Colander is looking to find a good trainer/facilitator for a Board retreat.

7. Guest Speaker Tom Deyo (Montgomery County Green Bank)

Tom Deyo is CEO of the Montgomery County Green Bank. MoCo Green Bank was stood up in August 2016. Independent 501c3, gained about a year after the entity was stood up.

Funded out of the PEPCO-Exelon Merger. Additional funding from foundations – Concrete Foundation, and JPB Foundation (focus on affordable housing). Didn't hire in a depth that could have been useful to begin with. Difficult to keep everything running when thinking in real time vs. planning ahead for next wins/money/etc. Used bevy of consultants (accountant, legal, transaction, chief credit advisor, marketing/communications consultant, product development, others) that were heavily relied upon. Community engagement – big part of what Tom was doing – informing the community about what they were about. What GB can do, examples of what other GBs have done. Already have interest, how to develop confidence and understanding of what specific is going to be done. What are the opportunities and what are the gaps in the marketplace that need to be filled? Make people aware that you exist, and understand what gaps the GB can fill. Goal is to be self-sustainable – Goal is that would happen at about 6-7 years. Need traction, and need revenue – how are you going to make the fees & returns? People you're talking to don't understand "leverage", they really are just looking for incentives. So the job of the green bank is to create better terms than they would otherwise see with their capital.

First product put out was a credit enhancement structure – loan loss reserve – 20:1 leverage on the first loan, 10:1 on the second project. GB network shares – market opportunity, need to get to market, and a product that had a track record of working. SHARE WITH BRANDI – THIS IS THE OPPORTUNITY FOR WORKING WITH NYCEEC.

Relationship with utilities – how we work that out as we develop products and tools. MoCoGB worked with contractors running the Empower MD program. Incredibly valuable partners to have. In DC that would be the DCSEU. Warm relationship, and also translated to the single family world as well.

Key market is condo buildings that have centralized plant. Office property was office condominium with 4 different owners. PEPCO offered a 0% 2-year financing program. Working primarily with energy improvements where property not looking at recapitalization at that time. Retrofit market.

How would you recommend we manage the energy audits so that buildings know what to do. Energy performance contractors (Recurrent, others) that are giving the building owners a plan of what to improve in terms of EE. That's also what GB relies on for justifying the project. Shoe-leather work. Need to build trust with those contractors. Repeated calls and meetings.

Having an audit was extremely valuable when going after foundation dollars.

Bridge loan demonstrated to the market that the GB could be flexible. Worked with City First Enterprises in DC. CF originated the loan and GB bought $\frac{3}{4}$ of it in order to show they can play in that market.

Residential – More leverage, but all about volume.

Affordable Housing – looked at that product, and marketed for affordable housing, but since GB wasn't playing in recapitalization period, wasn't the major market. Aff. Hous. bench is not deep. They make their money at the closing. Asset management teams are modest in size, and GB hired consultant to do Technical Assistance as extended staff to property owners. Assess property, come up with game plan, and then GB threw financing package on back end at favorable rates and with information.

Community Solar also a potential market – sit on rooftop of affordable property, and not being charged for the roof, but the GB putting 300kW array with 100 subscribers, with low-mod income households. GB is 50% of financing, rest through tax credits (ITC) and equity, including SRECs on DC service line.

Microgrids – If resiliency is a major need, can the GB finance infrastructure?

BEPS will hopefully incentivize the market to act.

Contractors will say that it takes much longer for someone to make a decision to act, then they expected.

Board was involved in hiring CIO as approving position (officer), but Tom did the recruitment. Staff were only by CEO.

Top 2 or 3 skillsets for CEO –

1. Understand real estate finance and how capital flows
2. Finance matters more than clean energy. Someone who knows energy will be there faster, but important not imperative.
3. Tom know how to set up an organization from scratch.

- Having good 2nd who can backstop and manage operations, handle governance, think about audit/accounting, etc.
4. Knowing clean energy marketplace (not finance) but what are the activities that are happening, how does PACE function, renewables,
 5. Someone who is comfortable in front of audiences, be persistent, even if no knowledge about someone's business. Understand how stakeholders think and what is important to them.

Mistake/advise that could be avoided - Take risk to hire earlier and get team on board faster to get to market place faster.

Residential not a money maker, but important one and easy to target as a market set. Important to help messaging. Michigan Saves getting to volume.

8. Adjourn

Upon a motion made by Ms. Colander, and seconded by Mr. Nogueira, the meeting was adjourned at 4:13p.m.