

Chairperson Cheh, Members of the Committee, District Residents:

Thank you for the opportunity to appear before the committee today to engage with you as part of the yearly performance oversight process. These hearings are an important way to hold us accountable, ensure that we are good stewards of public resources, and that we deliver impact on behalf of all residents of the District in line with our mission – providing access to capital, growing the clean economy to develop a more equitable, resilient, and sustainable DC.

I want to begin by thanking Mayor Bowser and her team, the City Council and staff, and the DC Green Bank Board of Directors for the strong support my team and I have received over the last year. We cannot achieve our mission without this type of leadership and support, and without robust engagement with the communities that we serve. I especially want to call attention to the tireless efforts of our Board Chair, Brandi Colander, and her dedication to our mission, our staff, and her fellow District residents.

Last year I spoke extensively about the opportunities, challenges, and achievements during DC Green Bank’s “start-up phase” and what it took to build an organization from the ground up in these unprecedented times. I am proud to work on behalf of a city that has taken the COVID-19 pandemic seriously, unlocked resources for our most vulnerable, and prioritized building back better, smarter, greener, and more equitably. The Chair, Council, Mayor Bowser, and our colleagues across the city government have shown outstanding leadership despite the challenging times we still face. DC Green Bank is hard at work to serve as a critical partner in support of our community and we welcome the Council to engage with us at any time if there is more we can be doing to help.

Growth and Expansion

Last year I appeared before you to talk about our “start-up phase” and said,

“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.”

I am proud to say that we have succeeded in building that foundation and we are stronger than ever. I would like to begin today by outlining what we were able to accomplish as we transitioned out of our start-up phase and entered our growth and expansion phase. Last year around this time we had closed one portfolio and committed \$1.8 million of our capital to projects in the District. To provide you with a sense of the change in size, scope, and impact of our work, I would like to detail five projects that our team is proud of.

Deal Closings

First, in April of 2021 we closed our second loan in support of Flywheel Development’s efforts to deploy community solar in the Fairfax Villages community in Ward 7. This solar deployment, part of the

District's Solar for All program, expanded on the existing solar installations in this forward-thinking community, bringing much-needed renewable and affordable energy to hundreds of LMI families across the city. The \$1.7 million construction loan from DC Green Bank played a critical role in unlocking the potential of this project, which created 19 clean energy jobs during the construction phase, and is expected to reduce nearly 1,000 tons of CO₂-equivalent annually and save District residents as much as \$2.3 million in electricity savings over the next 15 years. We are pleased to be able to say that the construction phase went smoothly and that we were able to cut the ribbon, alongside our partners, in October of last year to officially bring this system online. I want to thank Chair Cheh, as well as Deputy Mayor for Operations and Infrastructure Lucinda Babers, for making time to join us at this exciting occasion. Beyond the festivities of that day, we have since been able to demonstrate one of the critical ways that green banks deliver results for the community. Following the completion of construction, we engaged with an area Community Development Financial Institution (CDFI), Virginia Community Capital, to transition the existing construction loan for Flywheel Development to an innovative and affordable permanent loan. This process allowed us to bring in private capital to the clean energy sector, promote deeper understanding within a partner financial institution about investing in solar in the District, and decrease the share of the loan that remains on our balance sheet by half, so that we can recycle that capital into new opportunities in the city. As part of the permanent loan, DC Green Bank retains a 50% stake in the permanent loan and will make a modest return on those funds over the next 10 years, delivering a steady stream of revenue that we can pump into additional projects as well.

Second, in September of 2021 we announced an exciting revolving loan facility to deliver up to five new stormwater retention and green infrastructure projects across Wards 5, 7, and 8. The \$650,000 loan facility is expected to provide for approximately 10,000 square feet of new green infrastructure, which would help divert around 250,000 gallons of stormwater runoff per storm event, improving our local air and water quality. These projects also create good, clean, local jobs right here in the District. Our partners at Green Compass have already completed their first project as part of this effort, at Perry Street Preparatory Public Charter School in Ward 5, and we were pleased to be able to join them and our friends at Casey Trees for a tree planting event last Fall. Providing a revolving loan facility to our partners at Green Compass for this important work has created a foundation on which we can build to accelerate our investment in this critical sector and deliver concrete benefits and revenues to our city.

Third, I want to talk about a critical role that green banks serve: as a gap filler. Traditional commercial banks struggle to meet market demand when loans are for things that are innovative, small and targeted, at the higher-risk planning stage and/or are expected to deliver impacts well beyond financial returns. We are pleased to be able to fill these types of gaps in the green finance space here in the District. One project in particular is an outstanding showcase for our abilities to meet this demand. In September of 2021 we closed on a pre-development deal with our partners at Medici Road. Medici Road is a nonprofit community development organization that is committed to reducing long-term generational poverty in DC and delivering educational, housing and economic development, and public health outcomes. The pre-development loan from DC Green Bank – loans designed to support the scoping, planning, and design phase of projects – filled a critical gap for Medici Road. They have never undertaken the type of project that they are envisioning and, therefore, were unable to identify a commercial bank to provide a pre-development loan for their groundbreaking project. After working

with their team to better understand their vision and the financial implications of the project, our team was able to close on a \$250,000 pre-development loan to deliver the support they needed to move from big dreams to identifying contractors to start planning. The development they have in mind is a dream project for a green bank, and it is expected to touch on multiple of our core investment areas – solar energy, green buildings, and stormwater infrastructure – as well as additional critical priorities for the District, including affordable housing and food security. The project is slated to deliver a new, efficient 17,000 square foot building that would contain 13 affordable condominium units, space for offices for a community-based organization, and what would be Ward 7’s fourth grocery store for the nearly 100,000 residents of the ward. Furthermore, the Medici Road team is committed to hiring District and local Deanwood residents for the up to 65 jobs created through the project – 55 construction jobs and an additional 10 permanent jobs for the grocery store and office space. The building designs include rooftop solar as well as a stormwater recycling system. In total, these systems could retain 9,000 gallons of stormwater runoff per storm event – reducing soil erosion and local pollution by 2-5% - and save residents more than \$300,000 in electricity costs over the next 10 years. These are the types of projects, and the types of partners, that DC Green Bank was created to deliver and we are pleased to be able to invest in community-rooted institutions and projects of this nature.

Fourth, building on the success and experience gained working with the Medici Road team on our first pre-development deal, we reached even higher on our next deal. In November of 2021 we announced the closing of a \$1.85 million pre-development deal with our partners at Jonathan Rose Companies and the locally based Somerset Development Company. This deal supports all four of our core investments priorities – solar, stormwater, green buildings, and transportation electrification – and also increases the number of affordable units in the development. The development partners are in the planning phase to redevelop Faircliff Plaza East, an affordable housing development in Ward 1. The extensive planning process requires a large investment but is expected to deliver incredible results. The envisioned redevelopment would: increase the number of affordable units by 50%; deliver a solar integrated roof with 67kW of solar capacity and 98 MWh of annual production; pursue the highest levels of green building standards, resulting in a building that achieves net-zero energy operational carbon; install a green roof for climate control and stormwater management benefits; utilize carbon-sequestering concrete for construction; and, install up to 10 electric vehicle charging stations. In short, this project has the potential to be a game changer. In addition to the enormous benefits that such a project would bring, DC Green Bank is also pioneering a new pathway for delivering green benefits and many of the co-benefits that come along with it. Embedded in the loan agreement we have included interest rate incentives for achieving the high bar set forth by the developers. The higher sustainability and equity targets they hit, the lower the interest rate goes. This project is proof-positive that we can incentivize developers to build a future that is green, clean, equitable, and fiscally sound. We are looking forward to closing more deals of this nature and sharing the learning that comes along with it.

Fifth, we are scheduled to close a deal imminently with another solar partner. Our value of Inclusive Prosperity means that we highly value the opportunity to invest in critical community institutions, and working with this new partner gives us that chance. The approximately \$2 million deal serves to bolster the finances of an existing portfolio of community solar projects sited at non-profit and faith-based institutions across the city, and provide a revolving loan facility to deliver ongoing financing to

encourage additional solar installations at community-serving institutions. In order to meet the District's climate, energy, and equity goals we need to rapidly scale up the deployment of solar. This investment is another down-payment on the city's solar future.

These five projects and investments are emblematic of the impact that DC Green Bank can deliver across the District, and we are ramping up to make that happen. When I last appeared before you, we had committed \$1.8 million. As of this hearing, we can now proudly say that, through the deals I already mentioned and the partnerships we have entered into that I will touch on shortly, we will have committed nearly \$9 million to date as part of projects that are slated to pour more than \$20 million into our city, with another \$10 million in closing discussions right now. While I can't promise you that we will come back next year with another five-fold increase in committed funds, we do project to double or triple these totals.

Transparency and Accountability

As we significantly ramp up deployment, we need to make sure that we are measuring our impact beyond the topline numbers of investment and serving as transparent stewards of public dollars. That is why in March of 2021, following a public comment period, we finalized the DC Green Bank Performance Targets. We know that you focus on what you measure, and our performance targets will serve as a guide for us as we push towards our collective goals.

A critical piece of our work is transparency. Two key tools on the road to transparency and accountability are our annual report and our website. At the close of 2021 we finalized our FY21 annual report, which details the work and impact of the bank over the preceding fiscal year and looks towards the future as well. This year's annual report included some of the exciting details that I have already mentioned as well as some of the outputs from the first phase of the implementation of our performance targets.

Second, an important tool for transparency is the DC Green Bank website. Our team has completed work on a dedicated Transparency and Accountability page that has a wealth of resources about our operations and investments. To illustrate, the page includes our commitment to transparency and accountability as a key value, annual reports, audited financial statements, performance targets, our Board's bylaws, recordings of our annual public hearings as well as Council performance and budget oversight hearings, our authorizing legislation, and minutes, agendas, recordings, and presentations from our board meetings. It is a wealth of information in one place for everyone across the District to access.

Building a Greener Future, Together

Now that I have discussed the rapid increase in our impact during our growth and expansion phase, I want to talk about where we are headed in the future. DC Green Bank was created to be a leader on climate and sustainability, and we are building the infrastructure to fulfill that role for years to come.

Being a leader on these issues means developing strong partnerships. I would like to highlight a few to showcase what we will be able to achieve together.

New Partnerships

Just last week we announced a new partnership with our friends at City First Enterprises, a local Community Development Financial Institution (CDFI) committed to being a part of the climate and energy solution. This partnership aims to unlock nearly \$3 million in clean investments into the District economy, focusing on our small businesses as well as multifamily, commercial, and industrial property owners and commercial tenants. Small businesses will be eligible to apply for loans ranging from \$10,000 to \$150,000 for clean energy, energy efficiency, and resilience investments. Exactly the types of investments that improve a business's ability to adapt and meet demand in challenging times and increase their cash flow in the near-term. Small businesses are a key reason for the success of our city and important drivers of innovation. We think it is imperative for the future of our work that we deliver affordable financing options to small businesses to make much-needed systems and building upgrades so that they can serve the community for years to come. Given their existing relationships with the small business community, and their strong management of the city's Covid relief programs, totaling over \$80 million in direct transfers to local entrepreneurs, including the Small Business Resiliency Fund, Restaurant Bridge Fund, Commercial Property Acquisition Fund, and the new Bridge Fund: Small Business Relief, we could not have found a better partner than City First Enterprises.

A second new partnership to deliver impact for the future we expect to be signed today. Although DC Green Bank is unable to make consumer loans directly, we know that we cannot achieve the District's climate and energy goals if every resident of the city cannot do their part. That is why we are partnering with a national credit union to offer affordable financing options to city residents to invest in solar, energy efficiency upgrades in their homes, and transition to personal electric transport options like electric cars and bicycles. This type of financing can serve as a catalyst to transform entire neighborhoods across the District, and we are proud to partner with a national credit union to provide a loan-loss reserve to incentivize the deployment of capital in the city and to decrease the cost of financing for residents. We will roll this program out to District residents in the coming weeks.

A third new and critical partnership to ramp up our impact for years to come is the Affordable Housing Retrofit Accelerator. Through the leadership of Mayor Bowser and the City Council, DOEE, DCSEU, and DC Green Bank have teamed up to deliver a seamless continuum of service to support affordable housing building owners and operators to meet the city's Building Energy Performance Standards (BEPS). This partnership is fully in line with our commitment to Inclusive Prosperity, delivering key resources to bolster the city's investments in affordable housing and put the 100+ affordable buildings that currently do not meet BEPS at the front of the line for support. At this time, through federal American Rescue Plan Act (ARPA) resources, DC Green Bank is slated to receive more than \$10 million to deliver low-cost loans for retrofits for this building stock, and much more will be needed in the years to come to meet the emerging demand.

Lastly, DC Green Bank is proud to be the new administrator of the DC PACE program. I want to thank our colleagues at DOEE for their work as strong stewards of the program, particularly as DC PACE rapidly approaches a milestone: \$60 million in lifetime investments unlocked across the city. On October 1, 2021, the administration of the DC PACE program transitioned from DOEE to DC Green Bank, and we are excited to build on this success. We have continued to retain Urban Ingenuity, the long-time partners

and contractor establishing and servicing the program, as third-party support for the DC PACE transition. They have been outstanding through this process and are a key reason why the program has been successful to date and is in prime position to support us as we accelerate investments during these critical years for our infrastructure and our climate.

A strong slate of partnerships like this is critical to our success, and will further help us to bolster our existing pipeline of projects. At this time, we have more than 25 projects in our near-term pipeline, demonstrating more than \$900 million in overall financing needs, with more than \$80 million of that as prime opportunities for DC Green Bank investment. The demand is there for affordable, green financing far beyond the resources that we currently have on hand. The more resources for investment that we have available, the more credible partners we are to crowd-in tens, and potentially hundreds, of millions of dollars for investment in the District, generating climate, energy, public health, job creation, and more benefits for our residents and future generations. As one example, we are excited to be working with our partner Volt Energy, led by Gilbert Campbell, in an almost \$8M short-term financing to support 2.2MW of rooftop solar at Howard University. As part of that project, Gilbert and his team are committed to providing hands-on educational opportunities to the next generation of diverse renewable energy leaders. These projects take years to develop, and months to prepare and finalize financing, and therefore I urge the Council to consider our existing funding commitments a priority. We also welcome the Council's assistance in identifying additional opportunities for us to deploy dollars so that our community reaps these incredible benefits on a recurring basis as we recycle capital across multiple projects.

Capital Strategy and Working with the Council

To ensure that we are achieving our goals and transforming the city, we have developed a capital strategy framework to identify key targets for the allocation of our capital, particularly by sector and product mix, but also to outline a five-year roadmap to pursue financial sustainability. As a key step on this road, we are well on our way to doubling or tripling our capital commitments by the end of 2022. This is a significant increase from previous years and a strong show of resolve to accelerate our role in achieving the city's climate, energy, and equity goals. In addition, we are hard at work developing plans to augment our existing and incoming District dollars with federal, private, and philanthropic dollars. Crowding-in this type of investment is the only way that we can achieve our collective goals and we are excited to appear before you next year to talk more about our early successes.

Each time I have appeared before Chair Cheh she has asked me some version of "what else does DC Green Bank need to be successful?" or "is there anything else we can do to support you?" Our team genuinely appreciates that type of unwavering commitment to this important work and to our mission. And, to proactively answer that question, here are a few items I wanted to raise today.

First, as the federal government considers additional investments through the Build Back Better agenda and in our nation's human and climate infrastructure, we are eager to work with the Council and Mayor's office to secure additional federal dollars to support our work. Given our unique nature as an independent financial entity, we can also help the District to deliver on any matching funds requirements for incoming federal resources. As I outlined previously, we have the capability to deliver innovative investments and leverage private capital that will transform the District for years to come,

and we want to ensure that the District gets its share of available resources to do just that. We are excited to work with you to pursue existing opportunities, like the recently passed national infrastructure bill, as well.

Second, we are incredibly fortunate to have a strong Board of Directors that is full of leaders that are committed to our mission and selflessly volunteer their time to support our work. It is important to our success that we are able to benefit from their outstanding and varied experiences. We appreciate the Council's quick work to keep us operating through the public emergency, and ask for your continued support to make sure we do not face any similar shortfalls in the future. It is important that we have a full board of directors so that we can benefit from their experience and complete the work of the bank in a timely way. As we ramp up investment, the workload of our board will increase and we want to ensure we have a full slate of members ready to serve the community. We look forward to continuing to work in a productive manner with the Council and MOTA on this issue.

Third, we know that the District can be a national leader on transportation electrification. We have the opportunity to electrify our city's fleets, our region's public transportation system, and also personal transportation options for our residents. I want to thank the Council and the Mayor's team for being committed to this work. In particular, I want to thank Deputy Mayor Babers for her commitment to bring this mindset to the WMATA Board. She knows that when we electrify transport we are able to decrease negative public health impacts on some of our most vulnerable residents and communities, while reducing the cost of transportation. I want to urge this committee and the Council to continue to encourage city departments to engage with us to discuss pathways to accelerate their timeline for the transition to electric vehicles. We can help to bring down the cost of this transition in the near-term, while the city reaps the benefits of dramatically cheaper operations and maintenance and public health outlays over the long-term.

Fourth, as I stated previously, the more capital DC Green Bank has on its balance sheet, and the sooner it is available, the more credible partners we are for private sector capital providers and the greater our ability to crowd-in private investment for a sustainable future. In finance, the old saying "time is money" is 100% true. The faster we can receive and put our money to work, the more revenue we can earn to deliver into additional sustainable projects. Today, funds are received from ratepayers and utilities that are earmarked for the green bank over a year before they are transferred to us to be able to deploy those projects. We are excited to work with the Council to deliver additional certainty and streamline this process.

And lastly, we ask this Committee, and the Council, to consider ways to increase the amount of funding available to support District residents and building owners and operators the resources they need to choose a clean energy future. In particular, we think that if financial resources were available to make electric heating and cooling systems cost competitive with methane producing systems that our friends and neighbors would choose the cleaner, more sustainable option and move the city closer to our collective goals. If made available, DC Green Bank is ready to deploy funds to help clients make this cleaner choice. We are happy to discuss this idea with you further to consider options for piloting a program like this. One such program could be ratepayer backed securitization, a financing tool that has

often been used to recover costs of stranded assets for the benefit of shareholders, but here could be used to benefit homeowners with soon to be stranded methane infrastructure and appliances.

Transitioning DC away from methane usage in the near-term is imperative. It has been made abundantly clear through the work of our colleagues at DOEE that if we are to achieve our climate and energy commitments, we must accelerate our transition away from methane gas and choose a more sustainable path. This change is good for our climate, our health, and our future. DC Green Bank has not funded any projects that include the usage of methane systems to date, and today I am proud to announce that in addition to our previous commitments around methane retrofits, DC Green Bank will make the commitment not to finance methane-based infrastructure in any new construction, excepting health, safety, or national security imperatives. We were created to be leaders on climate and a clean energy future, and we are excited to demonstrate that commitment to arrest the growth in methane usage. We know this transition is coming, and we look forward to working with the Council to proactively push ahead, finance the transition, and implement it in an equitable manner.

Closing

In closing, we are proud of our growth and impact over the last year, and this year is primed to take us to new heights. We have committed five times the capital into projects across the city as this same time last year, while establishing a strong operational footprint, and we will continue to accelerate our transition to a clean, green, and inclusive economy with an additional doubling or tripling next year. I want to thank Chair Cheh, this committee, and the entire Council, for your leadership and for elevating the District as a national and international model in sustainability, clean energy, and resilience to climate change. As we near the close of our second full year of operations and look out on our third, we are eager to show you what we can do. We are excited to continue to pursue our mission and deliver on our values, and we look forward to working with all of you to make this a year of results, impact, and a thriving clean economy for all DC. Thank you.