

**MEMORANDUM**

May 2, 2022

**TO:** Government Operations and Fiscal Policy (GO) Committee  
Transportation and Environment (T&E) Committee

**FROM:** Gene Smith, Legislative Analyst

**SUBJECT:** **FY23 Operating Budget – Montgomery County Green Bank (MCGB) Non-Departmental Account (NDA)**

**PURPOSE:** Make recommendations for Council consideration

**Expected Participants:**

Tom Deyo, DEO, Montgomery County Green Bank  
Mike Coveyou, Director, Department of Finance (Finance)

**Summary of FY23 Recommended Budget – MCGB NDA**

	<b>FY22 Approved</b>	<b>FY23 CE Recommended</b>	<b>Change from FY22 Approved</b>
<b>General Fund</b>	<b>\$0</b>	<b>\$18,647,957</b>	<b>---</b>
Operating Costs	\$0	\$18,647,957	---
<b>Total Expenditures (All Funds)</b>	<b>\$0 0.00 FTEs</b>	<b>\$18,647,957 0.00 FTEs</b>	<b>--- 0.0%</b>

**I. Budget Overview**

See the Executive’s recommendation on ©1. This NDA was created in FY23 after the Council adopted [Bill 44-21](#). Bill 44-21 created an annual funding mechanism for the MCGB and focused portions of that annual funding for specific purposes. MCGB is the organization designated by the Council as the County’s Green Bank per §18A-44 through 50 of the County Code. MCGB leverages public and private investments to reduce greenhouse gas emissions in the County.

## II. Organization Review

MCGB's mission is *to help Montgomery County achieve its climate goals by leveraging capital and innovative partnerships to make clean energy and climate-resilient solutions more accessible and affordable for all residents and business.* The organization advances the County's climate goals by providing financial products that enable investments in energy efficient and/or renewable energy projects to reduce greenhouse gas (GHG) emissions by residents and businesses. MCGB's efforts includes a focus on equitable investments, so all communities can benefit from investments that support the County's climate goals.

Section 18A-50 of the County Code requires that the MCGB report annually on its activities and finances. See ©2-32 for the organization's FY21 report and financial statement.

### A. FY22 Budget

See MCGB's FY22 approved budget on ©33. See the organization's unaudited FY22 financial statement as of February 2022 on ©34-37. MCGB's FY22 budget included about \$790,000 in revenues, with most of the organization's budgeted revenue from grants and program income. The organization budgeted about \$1,800,000 in expenditures for FY22. About 54.3% of the budgeted expenditures are for personnel costs, with the remaining expenditures supporting the organization's programs.

The organization listed about \$24.4 million in assets at the close of FY21. Most of the organization's assets were received prior to FY22 and are cash/cash equivalents, including restricted cash for the revolving fund. As of February 28, 2022, MCGB estimates its total assets will decrease by about \$500,000 because FY22 expenditures exceed FY22 revenues.

### B. FY23 Expenditures

The Council does not approve a line-item budget for MCGB. The County will execute an agreement with the organization to implement the proposed funding. **Executive staff will negotiate the agreement, which details disbursement timing and performance expectations, including reporting requirements to ensure the organization meets the County's requirements in the County Code.** Finance staff will be available to discuss any questions that the committees may have about the County's agreement with MCGB in FY23.

See the draft FY23 MCGB budget on ©33. The organization estimates that FY23 revenues will be approximately \$19.6 million, with the County's annual contribution supporting 97.4% of the estimated increase. MCGB's FY23 draft expenditures are estimated to increase by about \$4.2 million. More than 50% of that increase is a line item set aside for the County's contribution. MCGB also estimates that its personnel and general operating costs will almost double to \$2.5 million when compared to FY22 budget. Given the significant increase in assets through the County's funding, additional staff and general operating expenditures are necessary to deploy those assets in the market.

The Executive’s recommended FY23-28 Fiscal Plan estimates that the Energy Taxes collected will be about \$187.0 million per year. This equates into about \$112.2 million of additional assets for the MCGB during the next six years. The organization’s balance sheet and fiscal year budgets will evolve significantly during the next few fiscal years as the County’s investment is utilized.

### C. FY23 Expenditures Discussion

MCGB provides a suite of financial and technical products to advance the County’s climate goals to reduce GHG emissions. The County’s additional funding will expand these programs and also allow MCGB to design and implement new products based on market conditions. See ©38-40 for information provided by MCGB regarding its FY22 transactions and current portfolio. Below are some highlights from these materials.

- MCGB categorizes its uses into three main categories – 1) financial capacity building; 2) pipeline building and management; and 3) portfolio of closed projects.
- Financial capacity building allows the MCGB to leverage its resources with other financial partners to create products for the market. MCGB has executed agreements that will leverage about \$26.8 million of private funding with \$6.5 million of MCGB’s funding.
- MCGB notes that through April 2022 it has closed 32 projects, where about \$2.3 million in MCGB funding leveraged more than \$9.8 million in project funding. MCGB estimates that more than 1,000 metric tons of GHG will be saved annually through these investments.
- Clean Energy Advantage recorded the most projects and transactions compared the other products in FY22 to date.
- Commercial Loan for Energy Efficiency and Renewables (CLEER) recorded the most project volume, measured in dollars, in FY22 to date.
- MCGB has a current pipeline of 14 transactions that are likely to close in FY22. These likely transactions include another \$20.2 million in project volume that is leveraged by \$4.0 million in MCGB assets.

### D. FY23 Agreement Discussion

The County will execute an agreement with MCGB to implement the County’s annual appropriation and requirements stipulated in the County Code. Below are possible discussion items for the committees related to the current expectations for this agreement.

1. Disbursements. The recommended FY23 appropriation is based on 10% of the estimated FY23 Energy Taxes. Finance notes that it anticipates it will provide monthly disbursements to MCGB based on 10% of actual Energy Tax revenues collected from the previous month. This is similar to the approach for other organizations that have a percentage stipulated in the County Code, like the Conference and Visitors Bureau. This approach provides a steady cash flow to the organization throughout the year while ensuring the County’s funding meets the County Code’s expectation. Council staff concurs with this approach.

2. County Code stipulated funding. The County Code restricts the use of portions of the County’s annual funding to the organization – 1) 20% of the annual funding must be used to support MCGB’s activities in Equity Emphasis Areas; and 2) 15% of the funds must be used to reduce the cost of energy projects undertaken by property owners. MCGB and Finance note that this element is still under discussion as the parties finalize an agreement.

Council staff understands that there are generally two elements that are still under discussion by the parties to document and verify the funding stipulations in the County Code. The first item is how to align “use” in the County Code with the MCGB’s major categories of use. Some of MCGB’s categories will be easier to determine if/how the County Code requirement is met (e.g., a closed project). The second item is time horizon. The County Code stipulates these percentages based on the annual funding, but MCGB’s portfolio management is multiyear.

The parties will continue to work and finalize an agreement before FY23 to implement the County’s funding. The committees should schedule an update once an agreement is finalized.

**Council staff concurs with the Executive’s recommended appropriation for this NDA.**

<u>This packet contains:</u>	<u>Circle #</u>
Executive’s recommended FY23 budget	1
MCGB – FY21 Annual Report	2
MCGB – FY21 Financial Statements	14
MCGB – approved FY22 and draft FY23 budgets	33
MCGB – FY22 financial statements as of February 2022	34
MCGB – FY22 agreements, investments, projects, and pipeline summary	38

## **Montgomery County Green Bank**

The Montgomery County Green Bank seeks to leverage public and private investments to reduce greenhouse gas emissions and is funded with both County and private money. Residents and businesses can obtain financing for things like weatherization, high efficiency HVAC systems, and renewable and clean energy projects. Bill 44-21 requires the County to appropriate 10 percent of the revenue received by the County from the fuel energy tax each year to the Montgomery County Green Bank. The amount reflected below represents 10 percent of the estimated energy tax revenue to be collected in FY23.

<b>FY23 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY22 Approved</b>	<b>0</b>	<b>0.00</b>
Increase Cost: Montgomery County Green Bank	18,647,957	0.00
<b>FY23 Recommended</b>	<b>18,647,957</b>	<b>0.00</b>



MEMORANDUM

December 20, 2021

TO: Gabe Albornoz, President  
Montgomery County Council

FROM: Tom Deyo, Chief Executive Officer  
Montgomery County Green Bank

SUBJECT: Montgomery County Green Bank Annual Report

Please find attached the Montgomery County Green Bank's annual report through October 31, 2021 which timetable for our reporting is consistent with the period for the delivery of our annual report under our County contract. This submission does not include our audited financial statements as in past years which is the reason for the delay. We were holding delivery until the completion of our FY21 audit which seemed imminent as the Board approved the current draft FY21 statements at its November 4, 2021 Board meeting but the auditor is processing the completed statements. The merger of auditors during FY21 is requiring more time. The FY21 audited financial statements for the Montgomery County Green Bank will be sent as soon as final.

This annual report (and to be delivered FY21 audited financials) is being provided in accordance with Section 18A-50 of the Montgomery County Code, which requires the Board of Directors of the Montgomery County Green Bank (MCGB) to report annually on the activities and finances of the MCGB to the County Executive and the County Council.

The Montgomery County Green Bank thanks Montgomery County for its support of MCGB's mission to accelerate affordable clean energy and energy efficiency investment in Montgomery County.

cc: Bonnie Norman, Chair, Montgomery County Green Bank  
Marcene Mitchell, Co-Chair, Montgomery County Green Bank  
Bob Sahadi, Co-Chair, Montgomery County Green Bank  
Bert Hunter, Secretary, Montgomery County Green Bank  
Stan Edwards, Special Advisor from Dept of Environmental Protection, Montgomery County Green Bank

Montgomery County Green Bank  
Rockville, MD

# 2021 Annual Report

*Executive Summary*  
Nov. 1, 2020 - Oct. 31, 2021

## ALIGNMENT WITH COUNTY GOALS

- Completed suite of 8 market serving products to support homeowners, commercial, multifamily, and community solar to meet needs of Climate Action Plan
- Responded to COVID-19 with two lower-cost offerings for businesses and families
- Worked with County agencies and external consultants on strategies to support BEPS
- Collaborated with County on proposed changes to Green Bank and C-PACE legislation to align with climate adaptive responses of Climate Action Plan

## SEEKING RESOURCES FOR THE COUNTY

- \$1.6 million leveraged in new investment structures with private capital and CDFIs
- \$740,000 secured in EmPower funds for the Clean Energy Advantage (CEA) homeowner program via PSC approval of CEA as a statewide program in June 2021
- Consulted with six new capital providers for C-PACE program as an open-market strategy for C-PACE.
- Applied for \$4.9 million from USDA Rural Energy Savings Program
- Collaborated with American Green Bank Consortium to advocate for national funding in a National Clean Energy Accelerator program.

*Portfolio as of  
September 2021*

**\$3.01MM**

*in projected value*

**\$16 MM**

*projects in pipeline*

**20** *unique transactions:*  
14 homeowners  
6 commercial

**558**

*total households supported*

**550**

*low- and moderate-income  
qualified homes benefitting*

**264**

*multifamily homes*

**778**

*metric tons in annual  
greenhouse gas reductions*



## ADDRESSING EQUITY IN THE MARKETPLACE

- Launched the County's first low- and moderate-income community solar project at Paddington Square
- Conducted extensive outreach to nonprofits and faith-based institutions on launch of commercial solar power purchase agreement product and have over 12 institutions being evaluated
- Completed initial design with 20 stakeholders for a low- and moderate-income rooftop solar program for launch in 2022
- Provided technical assistance to several affordable condominiums on solar and renewable energy strategies and working on a potential solar solution for condominiums

## COMMUNICATING AND INFORMING THE COMMUNITY

- Hosted 58 meetings, webinars, and presentations to increase knowledge and awareness of energy efficiency, solar, and the Green Bank
- Hosted an onsite event with County and state dignitaries and stakeholders to launch Community Solar project at Paddington Square
- Created two promotional case study videos for solar for homeowners and energy efficiency for common ownership communities
- Delivered monthly newsletters to general public, commercial contractors, and homeowner contractors.

## Major deals for the year

- 10 SOLAR PV PROJECTS (CEA)
- OLNEY ALE HOUSE (CLEER)
- CLARKSBURG CONDOMINIUMS EV CHARGERS (SBESS)
- TAKOMA OVERLOOK CONDOMINIUMS (DEBT)

## Suite of Products



### HOMEOWNER PROGRAMS

- **Clean Energy Advantage (CEA)**

### COMMERCIAL & INDUSTRIAL PROGRAMS

- **Commercial Loan For Energy Efficiency and Renewables (CLEER)**
- **Commercial Property Assessed Clean Energy (C-PACE)**
- **Commercial Loan For Energy Efficiency and Renewables (CLEER)**
- **Small Business Energy Savings Support (SBESS)**
- **Commercial Solar Power Purchase Agreement (CSPPA)**

### HOMEOWNER & RENTER PROGRAM

- **Community Solar**

*The Green Bank is now a full-service organization with products for businesses and homeowners.*





**End-Year Progress Report Per Contract #1076863 Submission Date:  
October 31, 2021**

**For Activities Between November 1, 2020, and October 31, 2021**

**Background**

The Montgomery County Green Bank (the “Green Bank”) was established under Chapter 18A of the Montgomery County Code, which authorizes the Montgomery County government (the “County”) to designate a nonprofit corporation as the County’s Green Bank to promote investment in clean energy technologies. The Green Bank was incorporated as a tax-exempt, nonstock corporation in the State of Maryland in April 2016, and adopted an initial set of Bylaws in June 2016, which allowed the organization to be formally designated as Montgomery County’s Green Bank in August 2016 by the Montgomery County Council (Resolution No. 18-574). The Green Bank operates on a July 1 to June 30 Fiscal Year.

The County entered into a contract with the Green Bank on May 15, 2017, pursuant to which the Green Bank agrees to perform certain services and operate certain programs to leverage investment into clean energy and energy efficient technologies to assist the County’s achievement of its environmental goals in return for payment to the Green Bank of County appropriated funds related to the Exelon – Pepco merger settlement. Most recently, the Green Bank and the County entered into an Amended and Restated Contract #1076863 on April 25, 2019, which requires that the Green Bank to submit an Annual Progress Report by October 31 of each year (See Article II.C) and a mid-year report by April 30 of each year (See Article II.D).

**Statement of Purpose**

The Montgomery County Green Bank is a publicly chartered nonprofit dedicated to accelerating energy efficiency and affordable clean energy investment in Montgomery County, MD. The Green Bank partners with the private sector to build a more diverse, equitable, and inclusively prosperous, resilient, sustainable, and healthy community for County businesses and residents. Our work supports Montgomery County’s goal to reduce its greenhouse gas emissions.

**Current Product / Service Offerings:**

Name	Sector	Partners	Common Ownership Communities	Multifamily	Nonprofits
<b>Clean Energy Advantage (CEA)</b> – Energy Efficiency and Renewables	Homeowners	Clean Energy FCU NASA FCU	Yes		
<b>C-PACE</b> (Commercial Property Assessed Clean Energy) (The Green Bank is the administrator)	Commercial and Industrial	Private Capital Providers		Yes	Yes
<b>Commercial Loan for Energy Efficiency and Renewables (CLEER)</b>	Commercial and Industrial	Sandy Spring Bank Latino Economic Dev Corp	Yes	Yes	Yes
<b>Small Business Energy Savings Support (SBESS)</b>	Commercial and Industrial	City First Enterprises	Yes	Yes	Yes
<b>Commercial Solar Power Purchase Agreement (CSPPA)</b>	Commercial and Industrial	Skyview Ventures	Yes	Yes	Yes
<b>Tailored Debt /Direct Investing</b>	Commercial and Industrial	Per transaction	Yes	Yes	Yes
<b>Commercial Technical Assistance Pilot</b>	Commercial and Industrial		Yes	Yes	
<b>Affordable Rental Technical Assistance Pilot</b>	Multifamily			Yes	

The following is a summary of the Green Bank portfolio and major pipeline:

Current Products	Closed		Major Pipeline	
	# Projects	Project Costs	# Projects	Project Costs
CEA	14	\$349,000	9	\$136,000
C-PACE 1/	6	\$4,126,000	3	\$4,900,000
CLEER	4	\$2,557,000	2	\$2,100,000
SBESS	2	\$104,000	1	\$156,000
Debt (includes Community Solar)	2	\$300,000	3	\$4,500,000
Commercial Solar PPA	0	\$0	12	\$4,612,000
COC TA	8	\$30,000	1	\$3,000
Aff Rental TA	2	\$40,000	0	\$0

1/ Closed portfolio reflects when the Green Bank assumed administration of C-PACE.

## **KEY ACCOMPLISHMENTS FOR PERIOD November 1, 2020, to October 31, 2021**

This report provides key achievements for the period November 2020 – October 31, 2021. Since the Green Bank’s last annual report submission on October 31, 2020, the Green Bank has achieved success in developing new products to bring to market and has a suite of product offerings for homeowners, commercial properties, multifamily, affordable rental, and common ownership communities. The Green Bank has also financed projects under all of these products except the commercial solar PPA which has a robust pipeline since its launch in summer 2021.

With these product offerings now in place, the Green Bank has developed a robust pipeline of projects of over \$16 million with the long-term goal of achieving scale. To drive this scale, the Green Bank has hired staff to move these products into the market, grow awareness of the Green Bank, and provide greater education to the market of opportunities to undertake energy efficiency and clean energy improvements.

The Green Bank is focused on meeting the market’s needs, gaining traction on launched products, and engaging in several broader efforts with stakeholders throughout the region to grow the impact of the Green Bank and leverage of its funds.

### **STRATEGIC**

The Green Bank undertook several broad strategic activities to build its core strength, align with County climate activities, and respond to the pandemic.

- **Increase the Green Bank Staff to Build Pipeline and Complete Transactions:** The Green Bank made several significant hires to help it move aggressively on its work, increase visibility, drive projects to completion, and reach more audiences.
  - *The Green Bank now has seven staff members including: CEO, CIO, Business Operations Manager, Director of Commercial Business, Residential and Solar Manager, Communications and Community Engagement Manager, and Administrative Specialist.*
    - *July:* Rokas Beresniovos joined the Green Bank as the Director of Commercial Business
    - *September:* Tyniah McDuffie joined the Green Bank as the Communications & Community Engagement Manager
- **Alignment with and Support of County Goals: The Green Bank has taken steps to support County activities around climate mitigation.**
  - The Green Bank participated in several activities of the County to assure the Green Bank’s products and programs would be able to coordinate and support future County Climate Actions, including the County Climate Action Working Group meetings, the Building Energy Performance Standards (BEPS) stakeholder meetings, and the International Green Construction Code (IgCC).
  - The Green Bank worked with County agencies and external consultants on prospective strategies to support BEPS.
  - The Green Bank coordinated with the 2020 County Solar Coop program to bring its transformative homeowner financing program to this effort. The winning solar contractor used the Green Bank product with its customers and the Green Bank closed 11 solar loans. The Green Banks worked with the solar installer to make its offering also available in the 2021 Coop.
- **Legislative Enhancements: The Green Bank worked with the County to develop proposed changes to Green Bank and C-PACE legislation to provide greater flexibilities for the Green Bank to meet County Climate Action Plan needs and for C-PACE to be a more strategic tool in support of property owners’ improvements to their properties.**
- **Responding to Covid-19.**
  - *New product to support business re-opening and energy efficiency savings:* The Green Bank launched a new product – the Small Business Energy Savings Support Program - in September

2020 to target identified gaps and needs related to Covid-19 and support small business owners to finance property improvements to allow businesses to reopen. Throughout the year, the Green Bank marketed this program to the Small Business Association and to several working groups convened by the County's small business Navigator department and Regional Director offices to assure businesses knew of the Green Bank offering. The Green Bank closed on one loan and worked on a second with a local commercial business which is expected to close in late 2021.

- *Clean Energy Advantage Market Recovery Offer for Energy Efficiency Improvements*: The Green Bank reduced its fees and subsidized interest rates for this homeowner product with a 0% interest rate for the first year. The program closed two loans with this benefit.
- **FY23-26 Strategic Planning**: The Green Bank is completing its five-year strategic plan at the close of FY22. The Green Bank has engaged two consulting agencies to assist it in developing its next three-year strategic plan to grow the scale of the Green Bank work by leveraging its suite of products, its financial relationships, and the market awareness it has gained.

## **CAPITAL**

The Green Bank sought out partner relationships to bring more private capital for products and transactions into the County.

### **On-Balance Sheet Lending Capital**

- **\$4.9 million sought from USDA Rural Energy Savings Program**: The Green Bank made full application to the USDA for \$4.9 million in 0% funds in November 2020. The Green Bank is awaiting a decision from USDA regarding the application.
- **\$2 million in private capital**: The Green Bank sought additional private capital from an impact investor and was provided an initial concept term sheet for up to \$2 million in capital which the Green Bank is reviewing for its applicability.
- **\$5 million in Exelon Funds**: The Green Bank worked with Exelon over the year to seek a means to use the \$5 million in market rate funds for renewable energy as offered in the Pepco-Exelon settlement agreement. The standing of Exelon with respect to these funds was a need for a County guarantee. The Green Bank offered scenarios of County agency off-takers to try and meet the expectations of Exelon, but the Green Bank has not been able to complete a structure with Exelon and awaits further feedback from Exelon.
- **National Clean Energy Accelerator**: The Green Bank worked extensively with the American Green Bank Consortium and its green bank members in support of actions to advocate for this national funding source being considered in Congress which could bring substantial resources to the green bank network, including the Montgomery County Green Bank.

### **Investment capital:**

- **\$50,000 paired with Green Bank capital**: The Green Bank completed a participation agreement with City First Enterprises that brought \$50,000 of this CDFI's investment capital with \$150,000 of Green Bank capital into a \$200,000 bridge loan facility with Takoma Overlook Condominiums.
- **\$100,000 in pari passu investments under SBESS**: The Green Bank completed arrangements with City First Enterprises on the Small Business Energy Savings Program (SBESS) that brought \$100,000 of City First Enterprises funding to be lent in conjunction with \$500,000 of Green Bank funds to support flexible investing for small businesses.
- **\$1.5 million in equity investing with Green Bank under CSPPA**: The Green Bank completed a Memorandum of Understanding with Skyview Ventures for up to \$3.2 million in Green Bank capital to be used with Skyview Venture capital of about \$1.5 million for solar PV projects done under the Commercial Solar Power Purchase Agreement product. Over 12 projects are in process of review and underwriting under this program.

- **C-PACE Capital Providers:** The Green Bank engaged with six national and regional C-PACE capital providers and several community banks regarding the C-PACE product as the Green Bank assumed the new role of the Green Bank to administer and transform C-PACE to an open-market product. Capital providers confirmed interest in Montgomery County market and have brought several transactions to the Green Bank's attention

## **PRODUCTS**

The Green Bank completed a suite of products by the end of the year which are highlighted on page 2. Some key activities around the products included the following:

- Clean Energy Advantage – Energy Efficiency – Taking This Statewide: The Green Bank partnered with the Maryland Clean Energy Center (MCEC) to propose to the Maryland Public Service Commission that the Clean Energy Advantage be offered as a statewide program as part of the state's EmPower program. The PSC approved the CEA – Energy Efficiency as a statewide effort in June 2021 and provided over \$2 million in support of the program, with \$740,000 of that support for the Green Bank in Montgomery County. The Green Bank is working with MCEC to roll this program out by January 2022. This approach benefits Montgomery County as energy efficiency contractors were looking for a statewide solution and not able to implement a financing program that only worked in Montgomery County. (Note: the DC Green Bank is also looking to add CEA to their product offering and use the CEA statewide infrastructure to manage its program.)
- Growing the Lenders and Market for Commercial Loan for Energy Efficiency and Renewables (CLEER):
  - The Green Bank partnered with the DC Green Bank to have CLEER available in Montgomery County and DC by the DC Green Bank adopting CLEER into its portfolio of products. This market expansion helps lenders and contractors to use the product.
  - The Green Bank met with several community and regional banks about the CLEER product to increase use of the product. The experience of closed transactions and the C-PACE role of the Green Bank brought renewed interest of lenders for the product. Two community / regional lenders are actively engaged with the Green Bank on term sheets for the product and engaged on internal discussions for adopting CLEER.
- Bringing a no out-of-pocket solution to Commercial Solar: The Green Bank completed approval of \$1.7 million in 0% funds and \$1.5 million in up to 3.5% funds for a Power Purchase Agreement (PPA) product that would be available to nonprofits and for-profit owners to undertake solar at no out-of-pocket costs. They would also receive lower price per kWh for the solar generated from the array than they would pay the utility. The 0% funds in particular will support nonprofits to reduce electricity costs even further as offered through the PPA. The 3.5% fund would be available to all users. The product has gained wide acceptance and the Green Bank is working on over 12 inquiries for use of the product.
- Increasing attention on C-PACE for the County: In order to create a one-stop-shop for commercial energy efficiency and renewable energy financing, the Green Bank completed its agreement with the County to assume administration of the C-PACE program for the County. The Green Bank is now aggressively marketing this product to commercial and nonprofit owners as a means to undertake improvements using long-term financing. The Green Bank assumed all servicing functions and marketing of the program to Montgomery County businesses.

## INVESTMENTS

The Green Bank closed on 15 projects across the County and has a pipeline of 30 projects.

### Portfolio as of September 2021

#### Total portfolio:

- \$3.01 million in project value supported by Green Bank activity (not including C-PACE)
  - 20 unique transactions
  - 14 homeowners
  - 6 commercial (including common ownership communities)
- 778 metric tons in annual greenhouse gas reductions for this portfolio
- 558 total households supported
  - 550 low- and moderate-income qualified homes benefitting
  - 264 multifamily homes

### Production for Reporting Year

- Commercial and Industrial Projects:
  - Projects using the Commercial Loan For Energy Efficiency and Renewables (CLEER)
    - **Olney Ale House:** \$231,000 project using a \$170,000 CLEER loan from Sandy Spring Bank.
  - Projects Using the Small Business Energy Savings Support product
    - **Clarksburg Condominiums:** \$60,000 loan to support EV charger infrastructure and stations.
  - Projects using debt funding
    - **Takoma Overlook Condominium:** The Green Bank also closed and funded a \$200,000 bridge loan in partnership with City First Enterprises, a local Community Development Financial Institution, to support the Takoma Overlook Condominium. (This was a second loan to this project.)
- Homeowner Projects:
  - Projects using the Clean Energy Advantage product:
    - \$232,000 in total projects supported.
    - Ten residential solar projects closed
    - Two energy efficiency projects closed

### Pipeline:

- Opportunities: The Green Bank has developed robust pipeline of \$16 million in 30 projects, including commercial, common ownership, and homeowner prospective undertakings in energy efficiency and renewable energy projects. (See Attachment C for a list of these projects in the pipeline.)

## EQUITY ACTIVITIES

The Green Bank focused efforts to address equitable access to its products and delivery of its resources. The following items are key activities conducted to address equity:

- **Low- and Moderate-Income Community Solar:** The Green Bank launched a community solar project with 30% of the subscriptions reserved for low- and moderate-income households. The project was completed on a Housing Opportunities Commission property at Paddington Square. The 273-kW project will offer 91 overall subscriptions, of which 28 will be for LMI households. The LMI subscribers will pay \$0 for their subscription, and they will receive \$500 in energy savings on their Pepco bill. Two loans have closed under the SBESS program.



- **Commercial Solar Power Purchase Agreement for Nonprofits and Faith-Based Entities:** The Green Bank conducted extensive outreach to nonprofits and faith-based institutions for use of this new product to support no out-of-pocket costs for installation charges and lower electricity operating costs for solar power. The Green Bank convened a specific webinar on the product and its affordable and accessible properties with Interfaith Power and Light (IPL) that reached 30 congregations. The Green Bank subsequently conducted a specific webinar with IPL with the Black Ministers Conference of Montgomery County. This outreach activity has resulted in a pipeline of over 12 congregations of a diverse set of faiths.
  
- **Rooftop Solar Program Dedicated to Low- and Moderate-Income Families:** The Green Bank conducted extensive work to design a rooftop solar program that would specifically support and meet the needs of low- and moderate-income households. The Green Bank convened three stakeholder meetings between February and September 2021 to gain insights and advice from a broad set of stakeholders in the County and state with each session having from 12 to 20 stakeholders. Based on this input, the Green Bank has fashioned the initial design of a program which the Green Bank is targeting for release in early 2022. The Green Bank is working on the following three elements for the program:
  - A direct purchase component that looks to provide flexible loans and monetize the SRECs to lower the upfront costs for homeowners.
  - A Power Purchase Agreement program to offer a no out-of-pocket option that provides flexibilities for LMI households.
  - To include these financing offerings as options within the County Solar Coop program so these LMI households can benefit from the lower costs offered by installers in this program.
  
- **LMI Affordable Common Ownership Communities:** The Green Bank worked on several activities in support of these affordably priced housing communities.
  - *Training / Outreach:* In conjunction with the Commission on Common Ownership Communities, conducted several webinars to educate the Boards of COCs on energy efficiency and solar / renewable energy options. Several associations contacted the Green Bank after presentations to support efforts in their communities.
  - *Community Solar Evaluation:* The Green Bank conducted a webinar and based on response from the webinar conducted assessments for installing solar on several condominium properties and presented proposals. The Green Bank is working on a couple of efforts with condominiums that we supported in this effort.
  - *Community Solar Regulatory Charges:* As part of the assessments done, the Green Bank identified an issue with respect to solar on many common ownership communities that create a cost burden for these communities to do community solar which is needed to provide solar to the homeowner residents. As a result, the Green Bank convened and is working with a stakeholder group to find a solution with Pepco. Pepco has been engaged in the effort and a potential solution for virtual community solar is in discussion with Pepco for potential use in Montgomery County in 2022.
  - *Technical Assistance for six condominium communities:* The Green Bank supported two more common ownership communities (to bring to a total of eight) to use local energy performance contractors to conduct energy performance assessments of the properties for energy savings improvements. Each COC received an energy audit and a financial plan for undertaking identified improvements. The Green Bank is in discussion with several of them about strategies for moving forward with improvements.

- **Affordable Rental Housing:** The Green Bank conducted several activities for affordable rental housing.
  - **Affordable Housing Conference:** The Green Bank presented to affordable housing owners at the annual Affordable Housing Conference of Montgomery County.
  - **Solar array evaluations:** The Green Bank completed assessments of two portfolios of affordable housing owners on the prospect for solar arrays on the properties and the potential for using the Commercial Solar PPA product to support these installations. The Green Bank is in process of working with both on proposals from solar installers on possible arrays on select properties.
  - **Solar Plus Storage:** The Green Bank sought out and brought a consultant using the Clean Energy States Solar Plus Storage technical assistance program. This resulted in a free service to an affordable housing owner to evaluate the prospects for solar plus storage on the property. The option was not feasible, but the effort identified solar as an option for this owner on other properties and led to one of the portfolio evaluations.

### **OPERATIONS / STEWARDSHIP / GOVERNANCE / COMMUNICATIONS:**

The Green Bank concentrated on assuring the organization was appropriately managed, met its funder reporting and management requirements, connected with critical stakeholders throughout the County, and advanced a broad understanding of the work, mission, and results of the Green Bank.

#### **OPERATIONS**

- **Audit and 990:** Completed FY20 audit and related IRS 990. FY21 audit and 990 initiated in July 2021 and are completing the process and are scheduled to be presented to the Board for approval in early November 2021.
- **Accountant:** The Green Bank on boarded a new accountant service, Clifton Larsen Allen, as of July 2021.
- **Operations:** The Green Bank enhanced its operational structure to manage the process for oversight of the new products introduced this year.
- **Funder reports:** The Green Bank met all reporting requirements of capital providers and funders, including the mid-year and end-of-year report to JPB Foundation for the second round of \$150,000 in funding to benefit internal operations and affordable housing initiatives.
- **Diversity Training:** Each Green Bank staff person took a 5-hour course from Race Forward in March 2021.

#### **PARTNERSHIP**

- **County Executive and Councilmember Meetings:** Green Bank management and various Board members met directly with the County Executive and Councilmembers to inform them of Green Bank progress and understand priorities of each to assure Green Bank is working toward key priorities.
- **Maryland Clean Energy Center:** The Green Bank collaborated with MCEC on a statewide residential financing program in conjunction with the Public Service Commission's ("PSC") residential Finance Work Group to identify options for providing financing support to residential customers. The Green Bank developed a joint proposal with the Maryland Clean Energy Center for a statewide residential energy efficiency financing program that was submitted to the PSC and was approved in June 2021 for rollout across the state.
- **DC Green Bank:** The Green Bank collaborated with the DC Green Bank to develop a regional approach for products and grow markets. The Green Bank shared experiences and market intelligence and aided the DC Green Bank to launch the Green Bank's Commercial Loan for Energy Efficiency and Renewables (CLEER) so that both markets could offer a similar loan

product for lenders and contractors. The Green Bank also offered it the Small Business and Clean Energy Advantage programs as other possible DC Green Bank products which the DC Green Bank is considering.

- Green Bank Convening with Metro Washington Council Of Governments: The Green Bank proposed a regional convening of jurisdictions interested in green banks and supported the convening held in July 2021. Over 20 participants from jurisdictions in VA, MD, and DC attended. The effort was designed to promote uniformity in products across the region, where possible.
- City First Enterprises: The Green Bank Established a partnership for a) joint lending on a bridge loan and b) on the Small Business Energy Savings Support program. City First Enterprises provide capital as well as underwriting, originating, and servicing functions for the Green Bank.
- Community Solar for Condominiums: The Green Bank convened several stakeholders from Solar United Neighbors, Climate Access Fund, NAACP-MD, CHESSA, and solar installers to develop a solution to reduce the inter-connection costs for solar in condominium properties. The effort has yielded a strategy with Pepco for bringing a virtual community solar option to Montgomery County after it is fully developed in DC.

### **PROMOTION:**

- Public Event: The Green Bank held an onsite event at the Green Bank's Community Solar project at Paddington Square on August 18, 2021. County Executive Marc Elrich, County Council Vice President Gabe Albornoz, Councilmember Will Jawando, State Delegate Lorig Charkoudian, Montgomery County Green Bank CEO Tom Deyo, Montgomery County Housing Opportunities Commission (HOC) Director Kayrine Brown and Groundswell CEO Michelle Moore joined over 20 attendees. The event gained media attention in WTOP and Bethesda Beat as well as noted on a couple of news broadcasts that evening.
- Videos: The Green Bank created two promotional case study videos: one for homeowners and one for its common ownership community project. The homeowner video was focused on adding solar to a residential home and featured Larissa Johnson from the Department of Environmental Protection. The commercial video focused on energy efficiency work undertaken by Takoma Overlook.
- Promoting Knowledge: The Green Bank hosted 58 different meetings, webinars, and presentations to community, stakeholder, and national audiences to increase knowledge and awareness of how the Green Bank can help them.

### **COMMUNICATION:**

- Newsletters: The Green Bank published three newsletters monthly to the public, commercial contractors, residential contractors. The Green Bank gets a regular 25%-plus open rate on its newsletters.
- Annual report: The Green Bank published its Montgomery County Green Bank 2020 Annual Report in January 2021.
- Press releases: The Green Bank produced multiple press releases heralding accomplishments:
  - Green Bank becoming administrator of County C-PACE program
  - The Green Bank's financing of the Olney Alehouse project.
  - The launch of the Community Solar at Paddington Square.



# Montgomery County Green Bank Corporation

Financial Statements  
For the Year Ended June 30, 2021

# **Montgomery County Green Bank Corporation**

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Financial Statements  
For the Year Ended June 30, 2021

# Montgomery County Green Bank Corporation

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## **Independent Auditor's Report**

Board of Directors  
Montgomery County Green Bank Corporation  
Rockville, Maryland

### ***Opinion***

We have audited the financial statements of Montgomery County Green Bank Corporation (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

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with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

February 14, 2022

## Financial Statements

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# Montgomery County Green Bank Corporation

## Statement of Financial Position

June 30, 2021

### Assets

Cash and cash equivalents	\$ 17,586,506
Restricted cash - loss reserve	260,000
Restricted cash - revolving fund	6,285,374
Accounts receivable	219,441
Program loan receivable, net	30,767
Prepaid expenses	7,960
Deposits	1,886

**Total assets** \$ 24,391,934

### Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 37,432
Funds held on behalf of the County - revolving fund	6,285,374

**Total liabilities** 6,322,806

### Net assets

Without donor restrictions	10,411,447
With donor restrictions	7,657,681

**Total net assets** 18,069,128

**Total liabilities and net assets** \$ 24,391,934

*See accompanying notes to the financial statements.*

# Montgomery County Green Bank Corporation

## Statement of Activities

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenue and support</b>			
Grants and contributions	\$ 762,110	\$ -	\$ 762,110
In-kind contributions	1,847	-	1,847
Investment income	146,911	-	146,911
Program fees	10,046	-	10,046
Net assets released from restrictions	468,675	(468,675)	-
<b>Total operating revenue and support</b>	<b>1,389,589</b>	<b>(468,675)</b>	<b>920,914</b>
<b>Operating expenses</b>			
Program services			
Clean energy investment	532,587	-	532,587
Supporting services			
Management and general	399,152	-	399,152
Fundraising	41,704	-	41,704
<b>Total operating expenses</b>	<b>973,443</b>	<b>-</b>	<b>973,443</b>
Change in net assets from operations	416,146	(468,675)	(52,529)
<b>Total changes in net assets</b>	<b>416,146</b>	<b>(468,675)</b>	<b>(52,529)</b>
Net assets, beginning of year	9,995,301	8,126,356	18,121,657
<b>Net assets, end of year</b>	<b>\$ 10,411,447</b>	<b>\$ 7,657,681</b>	<b>\$ 18,069,128</b>

*See accompanying notes to the financial statements.*

# Montgomery County Green Bank Corporation

## Statement of Functional Expenses

<i>Year ended June 30, 2021</i>	Program Services	Supporting Services		Total
	Clean Energy Investment	Management and General	Fundraising	
Salaries, benefits and payroll tax	\$ 301,645	\$ 335,162	\$ 33,516	\$ 670,323
Professional services	91,541	22,884	-	114,425
Product development	65,061	-	-	65,061
Advertising and promotion	66,686	-	7,410	74,096
Rent	7,004	7,783	778	15,565
Office expenses	650	22,849	-	23,499
Insurance	-	10,474	-	10,474
<b>Total operating expenses</b>	<b>\$ 532,587</b>	<b>\$ 399,152</b>	<b>\$ 41,704</b>	<b>\$ 973,443</b>

*See accompanying notes to the financial statements.*



# Montgomery County Green Bank Corporation

## Statements of Cash Flows

<i>June 30,</i>	<b>2021</b>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (52,529)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities:	
Accounts receivable	69,191
Program loan receivable, net	(30,767)
Prepaid expenses	638
Accounts payable and accrued expenses	21,926
<b>Net cash provided by operating activities</b>	<b>8,459</b>
<b>Cash flows from investing activities:</b>	
<b>Proceeds from sales of investments</b>	<b>10,004,905</b>
<b>Net cash provided by investing activities</b>	<b>10,004,905</b>
Net increase in cash, cash equivalents, and restricted cash	10,013,364
Cash, cash equivalents, and restricted cash, beginning of the year	14,118,516
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 24,131,880</b>

*See accompanying notes to the financial statements.*

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### 1. Organization

Montgomery County Green Bank Corporation (“MC Green Bank” and the “Organization”) was formed in 2015 as a nonprofit organization. MC Green Bank was designated as Montgomery County, Maryland’s green bank in August 2016, pursuant to Montgomery County Code Chapter 18A Article 7. MC Green Bank is a private nonprofit charitable organization under Internal Revenue Code 501(c)(3).

MC Green Bank is a publicly chartered nonprofit dedicated to accelerating affordable energy efficiency and clean energy investment in Montgomery County, Maryland. MC Green Bank partners with the private sector to build a more diverse, equitable, and inclusively prosperous, resilient, sustainable, and healthy community. MC Green Bank’s work supports Montgomery County’s goal to reduce its greenhouse gas emissions.

MC Green Bank was capitalized by Montgomery County government (“Montgomery County”) with funding from the Exelon-Pepco merger. MC Green Bank will use this funding to mobilize private investment and facilitate reinvestment in energy-efficiency and clean energy. MC Green Bank will combine its funds with lender partners to establish financing vehicles that help to improve the energy saving benefit to county residents, property owners, and businesses, to lower county emissions, to support jobs in the county, to create healthy living and working environments, to foster a more resilient economy and environment and to help the Montgomery County achieve its environmental goals.

### 2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below.

#### *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Basis of Presentation*

The Organization follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) 958-205, “Not-for-Profit Entities.” As required by the Not-for-Profit Entities Topic of the Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### *Measure of operations*

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of items attributable to the Organization’s ongoing program services. Non-operating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

#### *Cash Equivalents*

Cash equivalents include money market funds and treasury bills available for operating purpose with an original maturity of three months or less.

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### ***Restricted Cash - Loss Reserve***

Restricted cash - loss reserve represents the total of all assets that are encumbered by legal agreements. This category includes funds that are held by MC Green Bank for the purpose of reimbursing the lender for future loans which may default. As of June 30, 2021, the restricted cash - loss reserve was sufficient to cover MC Green Bank's liability under its agreements for the outstanding loans issued by its partner lenders.

### ***Restricted Cash - Revolving Fund***

Restricted cash - revolving fund represents funds received under the contract between MC Green Bank and Montgomery County. These funds are to be used only by Montgomery County and for Montgomery County purposes as Montgomery County would request. Montgomery County may, in its sole discretion, replenish the revolving fund. Any remaining funds in the revolving fund are to be returned to Montgomery County, and may not remain with MC Green Bank, at the conclusion of the contract.

The corresponding obligation is recorded as a liability as Funds held on behalf of the County - revolving fund as of June 30, 2021.

### ***Investments***

The Organization's investments are comprised of certificates of deposit. Investments are recorded at fair value. Certificates of deposit and treasury bills with original maturities greater than three months and remaining maturities of less than one year are classified as assets. Investment income is measured as earned on the accrual basis.

### ***Accounts Receivable***

Accounts receivable primarily consist of promises to give which are recognized as revenue or gains in the period acknowledged. Management is of the opinion that all accounts receivable are fully collectible and therefore no allowance for doubtful accounts is provided.

### ***Program Loan Receivable***

Program loan receivable relates to the small business loan portfolio offered by the Organization. As of June 30, 2021, the loan portfolio amounted to \$31,417. The Organization establishes an allowance for uncollectible loans for all loans receivable based on management review of the status of each specific loan. As of June 30, 2021, the allowance for uncollectible loans amounted to \$650.

### ***Revenue recognition***

#### ***Contribution revenue***

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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consolidated statements of activities and change in net assets as net assets released from restrictions. With donor restriction contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as without donor restriction contributions. Contributions are reported at fair value, which is net of estimated uncollectible amounts.

### *In-kind Contributions*

Contributed goods and services are recorded at their fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills that would otherwise be purchased by MC Green Bank. MC Green Bank received \$1,847 worth of donated services for the year ended June 30, 2021.

### *Functional Expenses*

The costs of providing various programs and other activities have been summarized in the statements of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated based on the salaries directly attributable to those activities. Management and general expenses include those expenses that are not directly identifiable with any specific program function but provide overall support and direction of the Organization.

### *Net Assets*

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

**Without donor restrictions** represent funds that are available for support of the operations of the Organization, and that are not subject to donor restrictions.

**With donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and change in net assets as net assets released from restrictions.

### *Tax status*

MC Green Bank is exempt from federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been designated by the Internal Revenue Service as a publicly supported organization under Section 509(a)(1) of the Code. Although MC Green Bank is generally exempt from income tax, MC Green Bank is subject to unrelated business income taxes

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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under Section 512 of the IRC. MC Green Bank believes it has appropriate support for any tax position taken and, as such, does not have any uncertain tax positions that are material to the financial statements. No provision for income taxes is required for the years ended June 30, 2021, as the Organization had no significant net unrelated business income.

As of June 30, 2021, the statute of limitations for tax years 2018 through 2020 remain open with the U.S. federal jurisdiction or the various states and local jurisdictions in which MC Green Bank files tax returns.

### ***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### ***Recent accounting pronouncements not yet adopted***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The update requires a lessee to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for MC Green Bank for the fiscal year ending June 30, 2023. Early adoption is permitted. Management is evaluating the potential impact of this update on MC Green Bank's financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. This ASU is available to be adopted by MC Green Bank from March 12, 2020 through December 31, 2022. Management is evaluating the potential impact of this update on MC Green Bank's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of this update on MC Green Bank's financial statements.

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### 3. Concentrations of Credit Risk

#### *Financial instruments and credit risk*

The Organization's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, accounts and program loan receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. MC Green Bank has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits as of June 30, 2021 approximate \$252,000. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position. The Organization's accounts and program loan receivable balances consist primarily of amounts due from the county and companies. Historically, MC Green Bank has not experienced significant losses related to the accounts and program loan receivable balances and, therefore, believes that the credit risk related to them is minimal.

#### *Concentrations of Grant and Contribution Revenue*

Approximately 83% of grant and contribution revenue was derived from the Montgomery County contract associated with the funding from the Exelon-Pepco merger for the year ended June 30, 2021.

### 4. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30, 2021.

	2021
Cash and cash equivalents	\$ 17,586,506
Restricted cash - loss reserve	260,000
Restricted cash - revolving fund	6,285,374
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 24,131,880</u>

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### 5. Liquidity and Availability of Resources

The Organization regularly monitors liquidity to meet its annual operating budget and other contractual commitments. Financial assets available for general expenditure within one year of the statement of financial position date consists of the following:

<i>June 30,</i>	<i>2021</i>
Financial assets at year-end:	
Cash and cash equivalents	\$ 17,586,506
Accounts and Program loan receivable, net	250,208
<hr/>	<hr/>
Total financial assets available within one year	17,836,714
Less:	
Amounts unavailable for general expenditures within one year due to:	
Net assets with donor restrictions	(7,657,681)
<hr/>	<hr/>
Total financial assets available to meet cash needs for general expenditures within one year	\$ 10,179,033

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. The Organization has no debt on the statement of financial position as of June 30, 2021, and typically pays its obligations using cash. As of June 30, 2021, the Organization has enough financial assets to cover at least one year of operating expenses.

### 6. Accounts and Program Loan Receivable

Accounts and Program Loan receivable consist of the following as of:

<i>June 30,</i>	<i>2021</i>
Accounts Receivables	\$ 219,441
Program Loan Receivable, net	30,767
<hr/>	<hr/>
Accounts and program loan receivable, net	\$ 250,208

### 7. Commitments and Contingencies

MC Green Bank entered into a lease agreement for its office space on June 20, 2017 with a renewal option for two terms of one year each. The Organization in previous years exercised this renewal option. In May 2021, the Organization extended the lease term to June 30, 2022 and reduced its office space. The new monthly rent is \$495. During the year ended June 30, 2021, rent expense totaled \$15,565.

In the course of normal business operations, MC Green Bank is faced with routine legal matters. In the opinion of management, all matters are adequately covered by insurance or the costs have been accrued.

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### 8. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2021:

	Beginning Balance	Additions	Released From Restrictions	Ending Balance
<b>Purpose restrictions:</b>				
Montgomery County contract	\$ 7,344,500	\$ -	\$ (180,200)	\$ 7,164,300
Grant for communications and outreach strategy	43,858	-	(43,858)	-
Grant for solar program	587,998	-	(94,617)	493,381
Grant for affordable clean energy financing	150,000	-	(150,000)	-
	<b>\$ 8,126,356</b>	<b>\$ -</b>	<b>\$ (468,675)</b>	<b>\$ 7,657,681</b>

#### *Montgomery County Contract*

The Montgomery County Contract funds, which are derived from funding from the Exelon-Pepco merger, are available to MC Green Bank to support a comprehensive package of programs that leverage investment into clean energy and energy-efficiency technologies. MC Green Bank may use the funds in a variety of methods, including credit enhancements, loan loss reserves, guarantees, loans, and other methods that leverage private capital into clean energy and energy-efficiency technologies. MC Green Bank may serve multiple sectors, including commercial, single-family and multifamily residential, nonprofits, and public buildings. A portion of these funds are donor-restricted as they are designated to target financing vehicles for the benefit of limited- and moderate-income households, nonprofits, and multifamily and common ownership communities.

#### *Grant for Communications and Outreach Strategy*

These funds are targeted to develop and sustain a communication and outreach program that promotes MC Green Bank's efforts to a broad set of stakeholders, and that can support advancing the potential for others to replicate the structure of a local green bank.

#### *Grant for Solar Program*

These funds are targeted to support activities related to various solar projects in the county with an emphasis on low- and moderate-income households.



# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### *Grant for Affordable Clean Energy Financing*

These funds are targeted to support clean energy improvement financing that helps reduce greenhouse gas emissions in the county, with an emphasis on affordable rental properties and low- and moderate-income households.

### **9. Risks and Uncertainties**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In an effort to ensure the health and well-being of the Organization’s staff and sustain its important work and mission, the staff moved to a mandatory telework status beginning in March 2020. MC Green Bank continues to actively monitor the Centers for Disease Control and Prevention (CDC) and other national authority guidelines to determine the timing to reopen the office.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management continues to actively monitor the global situation on its financial condition, liquidity, operations, industry, and workforce. Nevertheless, COVID-19 presents potential material uncertainty and risk with respect to the Organization, its performance, and its financial results.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. MC Green Bank did not apply or receive any loans or stimulus funding as part of the CARES Act.

On December 28, 2020, the Consolidated Appropriations Act, 2021 (the Act) was signed into law, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Act included provisions to allow a second round of PPP loans allowing certain eligible borrowers that previously received a PPP loan to apply for a second draw PPP loan. MC Green Bank did not apply or receive any loans or stimulus funding as part of the Act.

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law which includes \$1.9 trillion in stimulus relief as a result of the COVID-19 pandemic. Currently, management does not expect this law to have a material impact on the consolidated statements of financial position, changes in net assets, or liquidity of the Organization.

# Montgomery County Green Bank Corporation

## Notes to the Financial Statements

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### 10. Subsequent Events

Subsequent events have been evaluated by management through February 14, 2022, the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment or to disclosure in these consolidated financial statements.

**Montgomery County Green Bank**  
**FY23 BUDGET SUMMARY- REVENUES AND EXPENSES**

Draft Date  
 20-Apr-22

The following is a preliminary budget prepared for the Montgomery County Green Bank. This budget is not yet approved by the Board of Directors.

FY23 represents a significant budget change for the Green Bank as the Green Bank incorporates a projected major influx of Fuel Energy Tax dollars based on the County's passage of Bill 44-21 in February 2022. The Green Bank is projecting a substantial growth in staff in FY23 to support the ability for the Green Bank to quickly undertake much more investment in the County and meet the requirements of Bill 44-21. Given the timing for final approval of a County budget for the funds and the receipt of the new funding, the Green Bank is expecting a ramp up period during the year to bring on the staffing and invest in the market within the definitions provided in Bill 44-21.

	FY22 Budget (approved)	FY22 Actual (Projected to Year end)	FY23 Budget	Difference of FY22 Actual to FY23 Budget
<b>Revenues</b>				
<i>Energy Tax - Expendable Funds</i>			\$ 2,700,000	\$ 2,700,000
<i>Energy Tax - Balance of Funding</i>			\$ 15,300,000	\$ 15,300,000
Grants / Sponsorships	\$ 35,000	\$ 250,000	\$ 37,500	\$ (215,000)
Contracts	\$ -	\$ 280,000	\$ 271,700	\$ (8,300)
County Pepco Contract Reimbursement - Product Development	\$ 195,850	\$ 119,352	\$ 180,850	\$ 61,498
Earned Income - Program Revenues	\$ 515,463	\$ 401,014	\$ 977,250	\$ 576,237
Earned Income - Interest Income	\$ 45,000	\$ 51,170	\$ 117,500	\$ 66,330
<b>Total Revenues</b>	<b>\$ 791,313</b>	<b>\$ 1,101,535</b>	<b>\$ 19,584,800</b>	<b>\$ 18,480,765</b>
<b>Expenses</b>				
<b>Number of FTE Staff</b>	<b>7</b>	<b>7</b>	<b>15</b>	
Mandatory: Operating (Personnel, General, Key contractors)	\$ 1,173,000	\$ 1,183,951	\$ 2,488,075	\$ 1,287,624
Variable: Contract Related	\$ -	\$ 30,000	\$ 205,800	\$ 175,800
Variable: Other (Marketing, Professional Services, Communications)	\$ 700,000	\$ 317,475	\$ 499,000	\$ 181,525
Variable - Energy Tax Expendable	\$ -	\$ -	\$ 2,700,000	\$ 2,700,000
Loss Allowance for Investments		\$ 87,060	\$ 224,100	\$ 137,040
<b>Total Expenses</b>	<b>\$ 1,873,000</b>	<b>\$ 1,618,486</b>	<b>\$ 6,116,975</b>	<b>\$ 4,481,989</b>
<b>NET REVENUE (LOSS)</b>	<b>\$ (1,081,686)</b>	<b>\$ (516,951)</b>	<b>\$ 13,467,825</b>	<b>\$ 13,998,776</b>

Notes to Budget

Revenues

- 1/ Energy Tax funds are shown for the 15% expendable portion and balance for investment and G&A. Equity Emphasis Areas funding requirement is included in the balance.
- 2/ Grants reflect private giving to the Green Bank. In FY22, the Green Bank received \$250,000 in a one-time grant from a funder for a specific program. This was not expected at beginning of year. Looking forward, grants are expected to be of a more modest nature. The Green Bank will look for other opportunities, but these are not fully identifiable to make projections for the budget.
- 3/ Contracts: Represents EmPOWER funding to support Clean Energy Advantage for energy efficiency projects of homeowners. This program was approved by the PSC in June 2021 and funded by utilities.
- 4/ County Contract: This represents funds that the Green Bank invoices the County associated with a set aside of funds in the Green Bank contract with County for the Pepco settlement funding. The funding supports product related efforts for Tasks in the contract.
- 5/ Earned Income - Program Revenues: This is for fees and returns on investments using Green Bank capital.
- 6/ Earned Income - Interest Income - Related to return on cash in insured accounts.

Expenses

- 1/ Operating: Expenses associated with the expenditures for general operations, including personnel costs, office and administrative expenses, key consultants (e.g., accountants, auditors, general counsel), and necessary technology.
- 2/ Mandatory - Contract related - Expenses associated with the EmPOWER funded Clean Energy Advantage program.
- 3/ Variable - Other - Expenses for support items, including marketing, communications, professional services for product actions.
- 4/ Variable - Energy Tax Expendable - Uses of the Expendable funds for items such as buydowns, predevelopment, technical assistance, etc.
- 5/ Loss Allowance - Represents a set aside to cover loss potential of investments using an asset-based projection schedule.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**Financial Statements**  
**Selected Information**  
**For Eight Months Ended February 28, 2022**

The accompanying financial statements include the following departures from accounting principles generally accepted in the United States of America:

- The financial statements omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America.
- The organization does not present an analysis of expenses by natural and functional expense.

The effects of these departures have not been determined.

# Montgomery County Green Bank Corporation

## Statements of Financial Position

February 28, 2022 and June 30, 2021

	February 28, 2022	June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,870,822	\$ 17,586,506
Restricted cash - loss reserve	300,200	260,000
Restricted cash - revolving fund	6,285,374	6,285,374
Accounts receivable	114,274	219,441
Accrued interest receivable	483	-
Program loans receivable (small businesses)	179,144.55	31,417
Less: Allowance for bad debts (small businesses)	(5,277)	(650)
Program loans receivable, net (small businesses)	173,868	30,767
Program loans receivable (others)	111,676	-
Less: Allowance for bad debts (others)	(2,234)	-
Program loans receivable, net (others)	109,442	-
Prepaid expenses	6,972	7,960
Deposits	1,886	1,886
<b>Total assets</b>	\$ 23,863,321	\$ 24,391,934
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses*	\$ 40,521	\$ 37,432
Funds held on behalf of others	65,000	-
Funds held on behalf of the County - revolving fund	6,285,374	6,285,374
<b>Total liabilities</b>	6,390,895	6,322,806
<b>Net assets</b>		
Without donor restrictions	9,890,328	10,411,447
With donor restrictions	7,582,098	7,657,681
<b>Total net assets</b>	17,472,426	18,069,128
<b>Total liabilities and net assets</b>	\$ 23,863,321	\$ 24,391,934

\*Includes vacation accrual balances adjusted semi-annually.

No assurance provided on these financial statements. See selected information.

# Montgomery County Green Bank Corporation

## Statement of Activities

For The Eight Months Ended February 28, 2022

	Without Donor Restriction	With Donor Restriction	Total
<b>Operating revenue and support</b>			
Grants and contributions	\$ 136,677	\$ 42,386	\$ 179,063
CPACE Service/Fee income	5,579	-	5,579
Program Revenue	5,998	-	5,998
Program Revenue - Empower CEA	22,903	-	22,903
Sponsorship	700	-	700
Investment income	33,332	-	33,332
Release from restrictions	117,969	(117,969)	-
<b>Total operating revenue and support</b>	<b>323,157</b>	<b>(75,583)</b>	<b>247,574</b>
<b>Operating expenses</b>			
Salaries, benefits and payroll tax	629,904	-	629,904
Professional services	80,380	-	80,380
Advertising and promotion	27,197	-	27,197
Product development	73,040	-	73,040
Office expenses	16,086	-	16,086
Rent	4,140	-	4,140
Insurance	6,668	-	6,668
Bad debt expense	6,861	-	6,861
<b>Total operating expenses</b>	<b>844,276</b>	<b>-</b>	<b>844,276</b>
<b>Change in net assets from operations</b>	<b>(521,119)</b>	<b>(75,583)</b>	<b>(596,702)</b>
<b>Net assets, beginning of year</b>	<b>10,411,447</b>	<b>7,657,681</b>	<b>18,069,128</b>
<b>Net assets, end of year</b>	<b>\$ 9,890,328</b>	<b>\$ 7,582,098</b>	<b>\$ 17,472,426</b>

No assurance provided on these financial statements. See selected information.

## Montgomery County Green Bank Corporation

### Statement of Activities by Class For The Eight Months Ended February 28, 2022

	CIF G&A Expense	CIF Product Investment	Task 2-4A	CEA State- wide	CPACE Servicing	Debt	SBESS	CSPPA	Total
<b>Operating revenue and support</b>									
Grants and contributions	\$ 500	\$ -	\$ 136,176	\$ 42,386	\$ -	\$ -	\$ -	\$ -	\$ 179,063
Service/Fee income	-	-	-	-	5,579	-	-	-	5,579
Program Revenue	1,309	-	-	-	93	2,326	2,271	-	5,998
Program Revenue - Empower CEA	-	-	-	22,903	-	-	-	-	22,903
Sponsorship	700	-	-	-	-	-	-	-	700
Investment income	33,332	-	-	-	-	-	-	-	33,332
<b>Total operating revenue and support</b>	<b>35,840</b>	<b>-</b>	<b>136,176</b>	<b>65,289</b>	<b>5,672</b>	<b>2,326</b>	<b>2,271</b>	<b>-</b>	<b>247,574</b>
<b>Operating expenses</b>									
Salaries, benefits and payroll tax	432,449	108,661	77,201	8,390	3,203	-	-	-	629,904
Professional services	80,380	-	-	-	-	-	-	-	80,380
Advertising and promotion	27,157	-	-	-	-	-	-	40	27,197
Product development	53,770	2,345	7,500	4,625	-	-	4,800	-	73,040
Office expenses	16,086	-	-	-	-	-	-	-	16,086
Rent	4,140	-	-	-	-	-	-	-	4,140
Insurance	6,668	-	-	-	-	-	-	-	6,668
Bad debt expense	6,861	-	-	-	-	-	-	-	6,861
<b>Total operating expenses</b>	<b>627,511</b>	<b>111,006</b>	<b>84,701</b>	<b>13,015</b>	<b>3,203</b>	<b>-</b>	<b>4,800</b>	<b>40</b>	<b>844,276</b>
<b>Change in net assets from operations</b>	<b>(591,671)</b>	<b>(111,006)</b>	<b>51,475</b>	<b>52,275</b>	<b>2,469</b>	<b>2,326</b>	<b>(2,529)</b>	<b>(40)</b>	<b>(596,702)</b>
Net assets, beginning of year									18,069,128
<b>Net assets, end of year</b>									<b>\$ 17,472,426</b>

No assurance provided on these financial statements. See selected information.

The Green Bank supports the development of clean energy capital improvement projects to properties and infrastructure in Montgomery County. The scoping, financial structuring, and closing of such projects can take weeks to many months to complete, and the Green Bank needs to be situated to act and invest its capital when the project reaches its closing. The Green Bank uses the capital on its balance sheet as leverage to establish financial products with partners and increase investment capacity in the County, to build a pipeline of potential projects, and to ultimately invest in projects that move to closure. The Green Bank executes its work under sound management and stewardship principles.

*Financial Capacity Building:* As the Green Bank is designed to leverage its resources, the Green Bank starts by using its financial capital to create lending and investing partnerships that build financing capacity in the market and leverage by several multiples the Green Bank’s public resources. These are its Products.

*Pipeline Building and Management:* The Green Bank works with contractors, end users, investors, property managers, and associations to identify clean energy capital improvement projects. As the Green Bank engages the parties, it identifies the right financing structure to use with these projects. This can be its Products or its capital as debt outside of Products. These projects get placed on the Green Bank pipeline. The Green Bank keeps working these projects over several weeks and months, and the Green Bank looks to reserve capital for each project as the project moves forward so that when the project is ready to close then the Green Bank capital is available to execute.

*Portfolio of Closed Projects:* When a project closes, the Green Bank enters the project onto its portfolio and associates Green Bank financial capital to that project, and then manages the asset over its financial life.

**Financial Capacity Building**

The Green bank initially uses its capital to create lending capacity by reaching agreements with financial partners to undertake clean energy investing in the County. These Board-approved agreements in Products are backed by financial obligations of the Green Bank to have the resources to de-risk as appropriate the investing activity of our partners. The Green Bank reserves funding on its capital tracker to assure it can stand behind these agreements. As projects using the Products get closed, these capital commitments and associated leverage capacity get used in the transactions. (Note: The Green Bank also invests outside of these Products as debt that is additional capital uses not shown in these Financial Capacity Commitments.)

**Financial Capacity - Green Bank Capital Committed in Products as Approved by Board ETD**

Product	Sector	Use	Green Bank Capital Commitment	Leverage Capacity
Clean Energy Advantage (CEA) 1/	Homeowner	Energy Efficiency	\$203,400	\$3,390,000
Renewable Energy Financing	Homeowner	Renewables	\$187,500	\$2,500,000
Access Solar - PPA	Homeowner	Renewables	\$300,000	\$2,250,000
Access Solar - SRECs	Homeowner	Renewables	\$300,000	\$300,000
Commercial Loan for Energy Efficiency and Renewables (CLEER)	Commercial	Energy Efficiency and Renewables	\$650,000	\$11,500,000
Small Business Energy Savings Support	Commercial	Energy Efficiency and Renewables	\$1,000,000	\$1,100,000
Commercial Solar Power Purchase Agreement	Commercial	Solar	\$3,200,000	\$4,800,000
Community Solar	Commercial	Solar	\$550,000	\$1,000,000
<b>Totals</b>			<b>\$6,390,900</b>	<b>\$26,840,000</b>

1/ Includes \$105,000 of utility-funded capital from EmPOWER resources supporting \$1.75 million of this CEA lending capacity.



**Portfolio of Closed Projects**

The following is the portfolio of completed transactions as of April 2022. This represents an increase of nearly \$7 million in project closings since the December 2021 County Council presentation that reported \$3 million in funded projects. These projects use the leverage capacity of Products shown above and debt investments with partners.

Montgomery County Green Bank  
 Portfolio Report  
 as of 4/30/22

Product	Ever To Date				Energy Savings annually - Metric Tons equivalent	Households		
	ETD Number Transactions	ETD Unique Projects	ETD Total Project Volume	ETD MCGB Total Capital (e.g., Guarantees or Direct)		Total HHS	Low- and moderate- income HHS	Multifamily Units
Clean Energy Advantage (CEA)	26	22	\$ 471,741	\$ 60,000	173	22	6	
Commercial Loan for Energy Efficiency and Renewables (CLEER)	5	4	\$ 4,690,940	\$ 195,997	569	264	264	264
Small Business Energy Savings Support	4	4	\$ 630,300	\$ 474,873	63	280	280	0
Commercial Solar Power Purchase Agreement	1	1	\$ 275,000	\$ 192,500	105			
Debt (Tailored)	3	1	\$ 3,726,709	\$ 1,466,560	153	175		175
<b>Total - MCGB Investment Portfolio</b>	<b>39</b>	<b>32</b>	<b>\$ 9,794,690</b>	<b>\$ 2,389,930</b>	<b>1,063</b>	<b>741</b>	<b>550</b>	<b>439</b>

**Pipeline Building and Management**

**FY22 Pipeline**

The following is the current FY22 pipeline for the Green Bank representing likely project closings for the balance of FY22. These would add to the above portfolio report. This is larger than the \$15 million presented at the December meeting as we continually refresh and add to our pipeline.

<b>FY22 Pipeline</b>	<b>MCGB Capital</b>	<b>Project Volume</b>	<b>Number of Transactions</b>
Clean Energy Advantage (CEA)	\$6,000	\$100,000	3
Commercial Loan for Energy Efficiency and Renewables(CLEER)	\$27,500	\$550,000	1
Small Business Energy Savings Support	\$400,000	\$500,000	1
Commercial Solar Power Purchase Agreement	\$482,230	\$711,043	5
DEBT (Tailored)	\$3,112,865	\$17,550,000	3
CPACE	\$0	\$780,609	1
<b>SUBTOTAL</b>	<b>\$4,028,595</b>	<b>\$20,191,652</b>	<b>14</b>

**FY23 Pipeline**

In addition to the above FY22 pipeline, the Green Bank already has an extensive pipeline of prospective FY23 projects representing \$15 million in project value and over \$4 million in Green Bank capital need. This pipeline will expand significantly as the Green Bank works aggressively to leverage the new Energy Tax funding by a) vastly increasing its outreach to the market and building more connections, including directly working with partners and projects in Equity Emphasis Areas, and b) supporting the recently enacted Building Energy Performance Standards. As part of this work, the Green Bank will create more financial capacity building arrangements with financial partners that will use several million dollars of the new capital to establish.

## **Glossary of Terms**

**MCGB Capital:** The funds that are granted to, or invested in the Green Bank and that the Green Bank uses to support projects and / or financial capacity partnerships.

**Leverage Capacity:** The potential lending / investment potential from Green Bank agreements with financial partners.

**Number of Transactions:** The number of specific loans or investments made in which the Green Bank supports.

**Unique Projects:** Projects can have more than one transaction (e.g, two loans for the same project). Unique Projects represents the specific projects in which the Green Bank has supported.

**Project Volume:** Represents the total clean energy project costs for a project in which the Green Bank has provided support. This is the market leverage achieved by Green Bank support.