



**Committee:** Joint  
**Committee Review:** Completed  
**Staff:** Craig Howard, Deputy Director  
**Purpose:** To make preliminary decisions – straw vote expected

AGENDA ITEM #51  
 May 10, 2023  
**Worksession**

**SUBJECT**

Montgomery County Green Bank Non-Departmental Account (NDA) FY24 Operating Budget

**EXPECTED ATTENDEES**

- Stephen Morel, CEO, Montgomery County Green Bank
- Tom Deyo, Acting COO, Montgomery County Green Bank

**FY24 COUNTY EXECUTIVE RECOMMENDATION**

Green Bank NDA	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
<b>General Fund</b>			
Total Expenditures	\$18,647,957 0.00 FTEs	\$19,315,141 0.00 FTEs	3.7% --

**COMMITTEE RECOMMENDATIONS**

The Joint Transportation and Environment (T&E) and Government Operations and Fiscal Policy (GO) Committee met on May 4 and unanimously made the following recommendation:

- Place the FY24 recommended increase for the Montgomery County Green Bank (MCGB) of \$667,184 on the reconciliation list as a “high priority” item, and approve the rest of the FY24 budget as submitted by the Executive.

**SUMMARY OF KEY ISSUES**

- **MCGB NDA Overview.** This NDA was created in FY23 after the Council adopted Bill 44-21, which 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. Under Bill 44-21, the County is required to appropriate 10% of the County’s fuel-energy tax revenue to the Green Bank, and the amount recommended by the Executive for FY24 represents 10% of the projected revenue. However, the annual funding amount is still subject to the Council’s annual appropriation decisions as part of the budget review process. The Executive’s recommendation of \$19,315,141 is an increase of \$667,184 based on a projected increase in energy tax revenue.
- **Use of FY23 Energy Tax Revenue.** MCGB provided documents that track FY23 expenditures through April 6, 2023 as well as a summary of projects (see page 3 of Joint Committee staff report). MCGB is required to use at least 15% of the energy tax revenue to reduce the cost of

clean energy projects and at least 20% of the energy tax revenue for projects in equity emphasis areas. To date, MCGB reports that they have used a total of \$16.1 million over 14 projects and three facilities supported. MCGB reports that they have used \$5.2 million for projects in equity emphasis areas (in excess of the 20% minimum), and just over \$2.0 million to reduce the cost of clean energy projects (below the 15% minimum).

**This report contains:**

T&E/GO Joint Committee Staff Report  
Staff Report Attachments

Pages 1-4  
©1-56

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**MEMORANDUM**

May 1, 2022

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

**FROM:** Craig Howard, Deputy Director

**SUBJECT:** **FY24 Operating Budget – Montgomery County Green Bank (MCGB) Non-Departmental Account (NDA)**

**PURPOSE:** Make recommendations for Council consideration

**Expected Participants:**

Stephen Morel, CEO, Montgomery County Green Bank  
Tom Deyo, Acting COO, Montgomery County Green Bank  
Stan Edwards, Department of Environmental Protection

**Summary of FY24 Recommended Budget – MCGB NDA**

	<b>FY23 Approved</b>	<b>FY24 CE Recommended</b>	<b>Change from FY23 Approved</b>
<b>General Fund</b>			
Total Expenditures	\$18,647,957 0.00 FTEs	\$19,315,141 0.00 FTEs	3.7% --

**I. Budget Overview**

The Executive recommends \$19,315,141 for the Green Bank NDA in FY24, an increase of \$667,184 or 3.7% from the FY23 approved budget (©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.

Under Bill 44-21, the County is required to appropriate 10% of the County’s fuel-energy tax revenue to the Green Bank, and the amount recommended by the Executive for FY24 represents 10% of the projected revenue. However, as noted in the County Attorney’s Bill Review for Bill 44-21, the annual funding amount is still subject to the Council’s annual appropriation decisions as part of the budget review process.

## 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 ©12-56 for the organization’s 2022 annual report and FY22 financial statements.

### A. FY23 and FY24 MCGB Budget

MCGB provided a summary of its approved FY23 budget and proposed FY24 budget (©6), detailed below. Energy tax revenue from the County represents the primary source of funds for MCGB. **The Joint Committee may want to discuss with MCGB how it has enhanced its organizational capacity over the past year to effectively utilize the substantial increase in resources from the energy tax funding.**

**MCGB Budget**

	<b>FY23 Approved</b>	<b>FY24 Projected</b>
<b>Revenues</b>		
Non-Energy Tax Revenue	\$1,530,995	\$1,555,502
Energy Tax Revenue	\$18,600,000	\$19,300,000
<b>Expenses</b>		
Personnel Expenses	\$2,305,616	\$2,736,375
Operating Expenses	\$1,018,200	\$1,436,900
<b>Change in Net Assets</b>	<b>\$16,807,179</b>	<b>\$16,682,227</b>
<b>Use of Energy Tax</b>		
Administration	\$1,792,821	\$1,867,773
Subsidy & Technical Assistance	\$2,790,000	\$2,895,000
Loan Capital Deployment	\$14,017,179	\$14,537,227

The Council does not approve a line-item budget for MCGB. The County executed an Memorandum of Understanding (MOU) with MCGB last fall to implement the approved funding (©8-11). The agreement requires that MCGB meet the allocation restrictions discussed in Section B below. The County is required to make monthly disbursements to MCGB consisting of 10% of

the actual revenue received by the County for the period between payments. 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.

The Executive’s recommended FY24-29 Fiscal Plan estimates that the Energy Taxes collected will be about \$193 million per year. This equates into about \$115.8 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.

**B. FY23 Use of Energy Tax Revenue**

MCGB provided documents that tracks FY23 expenditures through April 6, 2023 as well as a summary of projects (©2-7). The table below shows energy tax funds received by MCGB during FY23 and how they have been allocated. As noted below, MCGB is required to use at least 15% of the energy tax revenue to reduce the cost of clean energy projects and at least 20% of the energy tax revenue for projects in equity emphasis areas.

**Summary of Use of Fuel Energy Tax: FY23 (as of 3QFY23)**

<b>FY23 Budgeted Amount</b>	<b>\$18.6 million</b>
<b>FY23 Uses To Date - Total</b>	<b>\$16.1 million</b>
Percent of Budgeted Amount	87% of Budgeted Amount
Number Projects Supported (Closed and Committed)	14
Number of Facilities Supported	3
<b>Breakdown of Uses to Date</b>	
In Transactions (Closed and Committed)	\$10.7 million
In Facilities (Closed; available for transactions)	\$4 million
For Technical Assistance Program (used and allocated to program)	\$750,000
For Administrative Expenses	\$600,000
<b>Breakdown of Specific Sub-allocations</b>	
<i>Equity Emphasis Areas (EEA): 20% of budgeted amount</i>	<i>\$3.72 million</i>
Amount used in EEA to date	\$5.157 million (139%)
<i>Funding to Reduce Energy Costs: 15% of budgeted amount</i>	<i>\$2.79 million</i>
Amount used to Reduce Energy Costs to date (Technical assistance and subsidy)	\$2.025 million (73%)

In total, MCGB reports that they have used a total of \$16.1 million over 14 projects and three facilities supported. MCGB reports that they have used \$5.2 million for projects in equity emphasis areas (in excess of the 20% minimum), and just over \$2.0 million to reduce the cost of clean energy projects (below the 15% minimum).

MCGB reports a current pipeline of 25 projects with an estimated MCGB investment of \$7.8 million and a total project value of \$25.6 million.

Projects that MCGB has noted as “investment highlights” for use of the fuel-energy tax funding in FY23 include:

- Seneca Village 2.1 MW Solar PV and Energy Efficiency
- Berman Academy Energy Efficiency
- Olney Professional Building Energy Efficiency
- Electric vehicle charging station infrastructure projects
- Expansion of technical assistance program to help property owners address energy efficiency needs
- Expansion of financial capacity building

### **III. Staff Recommendation**

Council staff recommends placing the \$667,184 increase recommended for FY24 on the reconciliation list as a “priority” item, and approving the rest of the budget as submitted by the Executive.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀️ 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 FY24.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>18,647,957</b>	<b>0.00</b>
Increase Cost: Adjustment for Revenue Estimate	667,184	0.00
<b>FY24 Recommended</b>	<b>19,315,141</b>	<b>0.00</b>

### ☀️ Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles, which are financed through an established chargeback mechanism.

FY24 Recommended Changes	Expenditures	FTEs
<b>FY23 Approved</b>	<b>66,490</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(66,490)	0.00
<b>FY24 Recommended</b>	<b>0</b>	<b>0.00</b>

### ☀️ Payments to Municipalities

The Montgomery County Municipal Revenue Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. The current reimbursement policy goes beyond State law, Section 6-305 of the Tax-Property Article, which requires the County to provide to municipalities only the Property Tax-funded portion of those costs. The County Executive negotiated a new formula with the County's municipal partners over the course of 2021. Changes to the calculation formula were adopted by the County Council on March 1, 2022, with the enactment of Expedited Bill 2-22.

Under Expedited Bill 2-22, a municipality would be reimbursed by the County based upon the County Executive's approximation of the costs that the County would incur if it were to provide the municipality with transportation, police, crossing guards, and park maintenance services. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. The new law also provides for a phased-in implementation of the new formula calculation for FY24 (90 percent of the calculation), and FY25 (100 percent of the calculation). The amounts included in the FY24 budget for this program reflect the required 90 percent phased-in payment.

## **Principles of Use of Funding to Support the Market**

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.

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

*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.

*Programs to Reduce Energy Costs:* Per the legislation passed in 2022, the Green Bank must use 15% of the funding it receives from the Fuel Energy Tax to reduce the cost of energy projects undertaken by property owners by a loan subsidy, interest rate buydown, technical assistance, pre-development, blended capital, or other similar tools.

## **Uses and Benefits of Fuel Energy Tax Funding: FY23**

*The Green Bank received the first annual funding of the Fuel Energy Tax in FY23. The total budgeted amount was \$18.6 million, including 20% to be used in Equity Emphasis Areas and 15% to reduce the cost of clean energy projects.*

*This new Fuel Energy Tax Funding allowed the Green Bank to create new financial structures with investment partners and to build in flexibilities in loans with borrowers to meet the project's needs, including more favorable terms and larger size of investments.*

**The following are Investment Highlights for use of the Fuel Energy Tax in FY23:**

**Project: Seneca Village 2.1 MW Solar PV and Energy Efficiency: *Funding allowed for size of investment, new financial partners, and flexibilities.***

The largest solar PV on a multifamily property in Maryland received the Green Bank's largest loan of \$5 million. This project encompassing a solar PV array and energy efficiency roof replacements is on a 684-unit affordable housing project in an Equity Emphasis Area and will result in the annual greenhouse gas elimination of 2,007 metric tons. In another new approach that benefits from the Energy Tax investment, the Green Bank is partnering with a CDFI and another green bank who will purchase about \$1.8 million of this \$5 million loan.



**Project: Berman Academy – Energy Efficiency: *Funding allowed for more flexibility.***

This project replaces aged air conditioning units with higher energy savings units generating annual reduction of 211 metric tons in greenhouse gas emissions and \$96,000 in annual energy savings for this nonprofit. The project was done in conjunction with City First Enterprises, a community development financial institution (CDFI).

**Project: Olney Professional Building – Energy Efficiency: *Funding allowed for new execution with lender.***

This commercial office building is completing energy an energy efficiency improvement project using a new execution of Green Bank and Sandy Spring Bank where the Green Bank provides 49% of the funding. The project will result in the annual elimination of 36 metric tons in greenhouse gas emissions and \$6,800 in annual energy savings.

**Project: Three electric vehicle charging infrastructure projects. *Funding allowed for flexibilities.***

The Green Bank is supporting three multifamily properties with affordable units to deliver four EV chargers at each of the properties.

**Program to Reduce Energy Costs: Technical Assistance Program: *Funding allowed for significant expansion of program.***

Expanded program to help property owners that do not have the capacity or resources to understand and address the energy efficiency needs and opportunities for their properties. Building on its past work that supported 22 in technical assistance projects, the Green Bank used \$750,000 of the Funding to Reduce Costs to launch a more expansive technical assistance program in November 2022. The program creates jobs for contractors and builds a prospective pipeline of energy improvement projects. The Green Bank expects about 30 technical assistance projects to be supported.

**Financial Capacity Building: Credit Facilities Created: *Funding allowed for expansion of relationships with a CDFI and to expand and create new structures for renewable energy.***

First, funding supported the Green Bank to create a new facility with a CDFI to expand the amount of potential to support small business projects in the County. Second, funding also supported expansion of credit facilities with a major solar developer to allow for more production under the existing solar Power Purchase Agreement program which has been highly successful with faith-based entities and to add a community solar capability for those institutions having room for larger solar arrays that are beyond the property's demand but could be made available t the public for use of the excess production.

**Administrative Budget Uses:** Funding supported adding six Green Bank staff that were needed to help leverage the new capabilities offered by having this new funding resource. These new staff were specifically hired to support management of the significant growth in the Green Bank portfolio, to market and manage the new, bigger technical assistance deployment to support County efforts like BEPS, and to conduct substantial outreach to the end users to educate on clean energy and identify projects that could benefit from Green Bank support. The Green Bank FY23 administrative expenses are projected to be about \$2.9 million, including a projected use for technical assistance of \$500,000 in FY23. (Note: The technical assistance is being well received and is a potential strength of the County for supporting BEPS and benchmarking. IN this regard, the Green Bank will set aside balance of \$250,000 of the FY23 energy tax allocated by the Green Bank for technical assistance – as well as any excess funds at end of FY23 in the category of “funds to reduce energy costs” to be used in FY24 in support of existing agreements with the service providers as they market and extend technical assistance contracts with end users).

**Summary of Use of Fuel Energy Tax: FY23 (as of 3QFY23)**

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Amount used to Reduce Energy Costs to date (Technical assistance and subsidy)	\$2.025 million (73%)

**Portfolio of Closed Projects Ever To Date**

The following is the total portfolio of completed transactions for the Green Bank as of March 2023.

Montgomery County Green Bank  
Portfolio Report  
as of 3/31/23

Product	Ever To Date			Energy Savings			Households		
	ETD Number Transactions	ETD Total Project Volume	ETD MCGB Total Capital Invested (e.g., Direct or Guarantee Portion)	GhG Saved annually - Metric Tons equivalent	Solar Array kW	Energy Savings (\$ annually)	Total HHs	Low- and moderate-income HHs	Multifamily Units
Clean Energy Advantage (CEA)	33	\$ 693,312	\$ 75,000	241	193	\$ 50,144	26	6	5
CEA State-Wide (PSC)	30	\$ 240,563	\$ 40,000	49		\$ 10,408	30	0	0
Commercial Loan for Energy Efficiency and Renewables (CLEER)	6	\$ 5,264,690	\$ 136,087	569	0	\$ 84,400	264	264	264
Small Business Energy Savings Support - 1	5	\$ 1,910,909	\$ 963,870	537	184	\$ 43,405	280	280	0
Small Business Energy Savings Support - 2	1	\$ 2,550,000	\$ 1,530,000	212	0	\$ 96,000	0	0	0
Commercial Solar Power Purchase Agreement	10	\$ 1,689,873	\$ 1,020,928	1265	634	\$ 40,590	3	3	3
EV-CIP	3	\$ 182,858	\$ -	167	0	0	0	0	0
Debt (Tailored)	7	\$ 19,455,189	\$ 6,809,926	2779	2865	\$ 512,768	950	654	859
<b>Total - MCGB Investment Portfolio</b>	<b>95</b>	<b>\$ 31,987,394</b>	<b>\$ 10,575,811</b>	<b>5,820</b>	<b>3,875</b>	<b>\$ 837,715</b>	<b>1,553</b>	<b>1,207</b>	<b>1,131</b>

**Pipeline Building and Management**

**Current Pipeline**

The following is the current pipeline for the Green Bank representing likely project closings for the balance of FY23 and into FY24. These would add to the above portfolio report.

## FY23 Pipeline

as of April 2023

Product	MCGB Capital	Project Value	Number of Transactions
Clean Energy Advantage	\$4,140	\$69,000	9
Small Business Energy Savings Support	\$112,000	\$187,000	1
Commercial Solar Power Purchase Agreement	\$1,522,000	\$2,154,000	8
EV-CIP	\$186,000	\$186,000	3
Debt (Tailored)	\$5,952,000	\$23,028,000	4
Totals	\$7,776,140	\$25,624,000	25

### 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.

**Montgomery County Green Bank  
FY24 Budget Summary  
DRAFT 4 26 23 - Not Approved**

	FY23 Budget	FY23 Projected Year-End	FY24 Budget	Change FY23 Actual to	Note
				FY24 Budget	
<b>Revenues</b>					
Total Grants	\$35,000	\$0	\$25,000	\$25,000	Limited corporate grant effort, focused resiliency funding efforts.
Total Sponsorships	\$2,500	\$0	\$0	\$0	In-kind, if any.
Contractual Funding ex energy tax	\$271,700	\$75,200	\$18,800	-\$56,400	Only limited PSC amounts remaining for resi EE (CEA).
Total Program Revenue	\$1,104,295	\$586,200	\$924,202	\$338,002	Increase in lending with fee and interest income.
Total Bank Account Interest Income	<u>\$117,500</u>	<u>\$350,000</u>	<u>\$587,500</u>	<u>\$237,500</u>	Estimating 2.5% return on cash (versus 0.5% in FY23).
<b>Subtotal Revenues before Energy Tax Funding</b>	<b>\$1,530,995</b>	<b>\$1,011,400</b>	<b>\$1,555,502</b>	<b>\$544,102</b>	
Energy Tax Funding	<u>\$18,600,000</u>	<u>\$18,600,000</u>	<u>\$19,300,000</u>	<u>\$700,000</u>	
<b>Total Revenues</b>	<b>\$20,130,995</b>	<b>\$19,611,400</b>	<b>\$20,855,502</b>	<b>\$1,244,102</b>	
<b>Expenses</b>					
Total Personnel Compensation	\$2,305,616	\$1,887,223	\$2,736,375	\$849,152	Increase of 4 new HC in FY24
Total General Operations	\$125,400	\$131,600	\$250,400	\$118,800	Increase from new office location for expected returning to onsite work.
Total Professional Services	\$188,000	\$148,000	\$210,000	\$62,000	Increase from service fees and insurance consultant.
Total Programming Expenses	\$568,300	\$635,000	\$810,000	\$175,000	Increase on actual TA service spend.
Total Marketing Expenses	<u>\$136,500</u>	<u>\$81,700</u>	<u>\$166,500</u>	<u>\$84,800</u>	Movement of community engagement spend into marketing.
<b>Total Expenses</b>	<b>\$3,323,816</b>	<b>\$2,883,523</b>	<b>\$4,173,275</b>	<b>\$1,289,752</b>	
<b>Change in Net Assets</b>	<b>\$16,807,179</b>	<b>\$16,727,877</b>	<b>\$16,682,227</b>	<b>-\$45,650</b>	
<b>Energy tax deployment tracking against assets</b>					
Energy Tax allocated to admin.	\$1,792,821	\$97,123	\$1,867,773		FY24 assumes full admin cost without consideration of expendable used for subsidy and TA as in FY23 actual.
Energy Tax expendable allocated to subsd & TA	\$2,790,000	\$1,775,000	\$2,895,000		
Energy Tax expendable allocated for FY24 TA commitments	\$0	\$1,015,000	\$0		
Energy tax loan capital deployment	\$14,017,179	\$15,712,877	\$14,537,227		

## Montgomery County Green Bank - Tracking of Expenditures from Bill 44-21 Annual Appropriation

Quarterly Report - For FY23 Only

Report Date: April 6, 2023

Report Date:	Funding Received To Date	FY23 Projected Total Annual Receipts
Report FY Period Covered through:	3QFY23	
MCGB FY Funding From ET Received Through This FY Period:	\$ 10,871,655.30	\$ 18,600,000
Funds to Reduce Clean Energy Costs Allocation (min. 15% of Total)	\$ 1,630,748	\$ 2,790,000
Funds for Capital (Total Less Reduce Clean Energy Costs)	\$ 9,240,907	\$ 15,810,000
Equity Emphasis Area Allocation (min. 20% of Total) (Subset of "Funds for Capital")	\$ 2,174,331	\$ 3,720,000

Quarterly Report - For FY23 Only - FY to Date	Number Transactions	Total Production*	Total MCGB Deployment**	Energy Tax Deployment	Sub to Deployment	
					Funds to Reduce Clean Energy Costs (15% of ET)	Energy Tax Funding in Equity Emphasis Areas (20% of ET)
Transactions - Closed	26	\$17,989,567	\$9,094,667	\$8,982,109	\$1,142,944	\$5,157,735
Transactions - Capital Committed	9	\$3,122,132	\$1,694,744	\$1,760,630	\$132,700	\$0
Guarantee and Finance Facilities / Products (GFFP) - New FY Facilities (showing balance not used in "Transactions - Closed")	3	\$5,871,807	\$4,970,000	\$4,970,000		
Guarantee and Finance Facilities / Products (GFFP)- New FY Facilities -(amount Needed for "Transactions - Capital Committed")		<u>(\$1,373,464)</u>	<u>(\$961,852)</u>	<u>(\$961,852)</u>		
Guarantee and Finance Facilities / Products (GFFP)- Net Available After "Transactions Closed and Capital Committed"		\$4,498,343	\$4,008,148	\$4,008,148		
Programs and Project Development Closed (including technical assistance)	6	N/A	\$80,006	\$80,006	\$80,006	
Programs and Project Development Committed (including technical assistance)		N/A	\$669,994	\$669,994	\$669,994	
<b>Total - Non-Administrative Uses</b>	<b>44</b>	<b>\$25,610,041</b>	<b>\$15,547,559</b>	<b>\$15,500,887</b>	<b>\$2,025,644</b>	<b>\$5,157,735</b>
Percentage of Funding Received To Date		N/A	N/A	143%	124%	237%
Percentage of Projected Total Annual Receipts				83%	73%	139%
Administrative, Restricted (Actual - thru Feb23)		N/A	N/A	\$598,558	N/A	N/A
Percentage of funding received		N/A	N/A	6%		
Percentage of Projected Total Annual Receipts				3%		
Percentage of Projected Total Annual Receipts (non-Admin and Admin)				87%		

\* Production is defined as the total size of investment (e.g., MCGB capital + all other investment).

\*\* Deployment is defined as MCGB capital in an investment (note that if another MCGB funding source is used to support an Energy Tax funded investment, this figure may be larger than the Energy Tax amount)

## MEMORANDUM OF UNDERSTANDING

Between

Montgomery County, Maryland

And

The Montgomery County Green Bank

This memorandum of understanding (“MOU”) is between Montgomery County, Maryland (the “County”) and the Montgomery County Green Bank (“Green Bank” or “MCGB”) as it relates to the receipt of funds by the Green Bank from the County, and expenditure of those funds by the Green Bank pursuant to Chapter 18A of the Montgomery County Code. This MOU becomes effective once all designated representatives of both the County and the Green Bank have signed it.

### I. Purpose and Background

This MOU between the County and the Green Bank establishes roles and responsibilities for the parties with respect to the dispersal of funds from the County to the Green Bank and the use of those funds by the Green Bank in accordance with the purposes provided in its charter as codified in Chapter 18A-44 of the Montgomery County Code and as stated in Bill 44-21, enacted on February 1, 2022, to be codified in Chapter 18A of the Montgomery County Code, effective July 1, 2022. Bill 44-21 serves to expand the funding sources for the Green Bank to include County funds, including a portion of the County’s fuel energy tax revenue collected pursuant to Montgomery County Code Section 52-14. Bill 44-21 further places additional restrictions on the Green Bank’s use of County funds provided pursuant to Montgomery County Code Section 18A-49.

### II. Mutual Agreement

The Parties agree as follows:

#### A. Green Bank Responsibilities

the Green Bank will be responsible for ensuring that uses of any funds directly appropriated by the County Council pursuant to Section 18A-49 of the Montgomery County Code are restricted to those purposes identified therein, as follows:

- 20% of the funds must be used to support the Bank’s activities in Equity Emphasis Areas in the County as defined by the Metropolitan Washington Council of Governments

- 15% of the funds must be used to reduce the cost of energy projects undertaken by property owners by a loan subsidy, interest rate buydown, technical assistance, pre-development, blended capital, or other similar tools

After July 1, 2023 the Green Bank must not use any of the directly appropriated funds from the County to fund new mechanical energy equipment that uses fossil fuels or the equipment that upgrades the efficiency of existing mechanical energy equipment that uses fossil fuels.

The Board of Directors must report annually by December 31 on the activities and finances of the Green Bank to the Executive and Council. The report must include details about the use and fund balance of County funds.

- In addition to the above reporting requirements, MCGB must also report on a quarterly basis to the Director or Finance regarding its use of the funds provided pursuant to Section 18A-49 and this MOU. MCGB's reporting must be in a format approved by the County and must include appropriate supporting documentation to substantiate the claimed use(s).

#### B. County Responsibilities

The County's obligations under this and all other provisions of this Agreement are subject to the appropriation of funds by the County Council.

In accordance with Montgomery County Code Section 18A-49 and 52-14, the County will appropriate 10% of the revenue received by the County from the fuel-energy tax each year to the Montgomery County Green Bank.

Payments will be made by the County on a monthly basis, and will constitute 10% of the revenue received from the fuel-energy tax for the operative period between payments.

#### IV. Points of Contact

Contacts for administration of this MOU are as follows:

##### A. Montgomery County Green Bank

Office of CEO  
155 Gibbs St, Suite 407  
Rockville, MD 20850

##### B. The County:

Department of Finance  
Director's Office  
101 Monroe Street, 15<sup>th</sup> Floor  
Rockville, Maryland 20850

V. Miscellaneous Provisions.

- a. Authority. This Agreement is authorized by Section 18A-49 of the Montgomery County Code.
- b. Resolution of disputes. The Parties agree that any disputes arising hereunder that cannot be resolved through other means shall be adjudicated in a court of competent jurisdiction in the State of Maryland.
- c. Governing law and venue. This Agreement must be governed by, and interpreted in accordance with, the substantive laws of the State of Maryland and Maryland law must govern the resolution of all disputes. For purposes of litigation involving this Agreement, exclusive venue and jurisdiction must be in the Circuit Court for Montgomery County, Maryland or in the District Court of Maryland for Montgomery County.
- d. Termination. This Agreement may be amended by the mutual consent of the Parties and may be terminated by the County upon 30 days written notice to the Green Bank.
- e. Term. This Agreement will continue so long as the Montgomery County Council appropriates revenue received by the County from the fuel-energy tax each year pursuant to Montgomery County Code Section 18A-49 and 52-14 or as otherwise terminated pursuant to this Agreement.

SIGNATURE PAGE FOLLOWS



IN WITNESS WHEREOF, the parties have indicated their acceptance of their respective obligations by their signatures below.

**MONTGOMERY COUNTY GREEN BANK MONTGOMERY COUNTY, MARYLAND**

By: Thomas Deyo  
Chief Executive Officer

Thomas Deyo  
Printed Name

Date: July 26, 2022

By: Bonnie  
Chair

Bonnie Norman  
Printed Name

Date: July 29, 2022

By: Richard S. Madaleno  
Richard S. Madaleno  
Chief Administrative Officer

Date: 10/7/22

RECOMMENDED BY:

Michael Coveyou  
Michael Coveyou  
Director, Department of Finance

Date: 9/15/2022

Date: \_\_\_\_\_

APPROVED AS TO FORM AND  
LEGALITY:

OFFICE OF THE COUNTY ATTORNEY

Trevor Ashbarry 9/14/22  
Trevor Ashbarry, Chief  
Division of Finance and Procurement  
Office of the County Attorney



MEMORANDUM

November 8, 2022

TO: Gabe Albornoz, President  
Montgomery County Council

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

SUBJECT: Montgomery County Green Bank 2022 Annual Report and FY22 Financials

Please find attached the Montgomery County Green Bank's annual report through October 31, 2022 which timetable for our reporting is consistent with the period for the delivery of our annual report under our County contract.

This annual report and FY22 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

# Annual Report for Contract # 1076863 Nov. 1, 2021 - Oct. 31, 2022

## Executive Summary

### ALIGNMENT WITH COUNTY GOALS

- **Clean Energy:** Delivering 1.3 MW kW in solar PV with two community solar projects and installations with four faith-based entities, two affordable rental owners, a nonprofit, and five homeowners.
- **Buildings:** Supported over \$10 million in clean energy projects with \$225,000 in annual energy savings in 25 transactions using Commercial Solar PPA, Small Business Energy Savings Support, CEA, and debt.
- **Transportation:** Launched program to install 30 EV dual chargers using a \$250,000 grant secured from General Motors to support installation of EV chargers at affordable rental housing properties.
- **Climate Adaption:** Growing understanding through technical assistance given to 8 condos, 4 commercial, and 4 affordable rental properties to identify and offer plans for energy savings retrofit opportunities.

### PROVIDING NEW FINANCING STRUCTURES

- **C-PACE Advancements:** Promoted improvements to C-PACE legislation to provide greater flexibilities to meet market and County Climate Action Plan needs.
- **Flexible Funding:** Used a new financing model on two projects to blend Green Bank capital with partner capital to provide better terms and mitigate risks.
- **Small community solar projects:** Crafted a new facility with developer to offer a no out-of-pocket financing for organizations wishing to deliver community solar to constituents and public.
- **Homeowner energy efficiency:** Launched the flexible Clean Energy Advantage as a statewide product with the Maryland Clean Energy Center to make more feasible for contractors to use.

Portfolio as of  
September 2022

**\$13 MM**

*in projected value*

**46** *unique transactions:*  
27 homeowners  
19 commercial

**840**

*total households supported*

**581**

*low- and moderate-income  
qualified homes benefitting*

**442**

*multifamily homes*

**2,629**

*metric tons in annual  
greenhouse gas reductions*

**\$28 MM**

*projects in pipeline* (13)

## ADDRESSING EQUITY IN THE MARKETPLACE

- **LMI homeowners:** Using various outreach techniques, launched Access Solar financing program with subsidy and no-out-of-pocket options for low- and moderate-income households.
- **Growing the market:** Conducted a webinar with Interfaith Power and Light to develop a diverse prospect group of 40 faith-based entities for solar.
- **Affordable homeownership:** Helped make more feasible by working on regulatory charges for solar and offering technical assistance for affordable common ownership communities.
- **Affordable rental:** Offered solar array evaluations for three affordable housing owners portfolios for potential implementation.

## COMMUNICATING AND INFORMING THE COMMUNITY

- **Building knowledge:** Hosted 120 meetings, webinars, and presentations to educate on energy efficiency, solar, and the Green Bank options.
- **Recognizing partnership:** Celebrated the collaboration on clean energy work with 100 partners at an event at a Green Bank project.
- **Making the case:** Re-launched website with 19 specific case studies and added another promotional video on community solar.
- **Building momentum:** Used daily social media, two monthly newsletters, press releases, and targeted project closing notices to build reputation and understanding of Green Banks benefits.

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

## Major projects highlighted in case studies:

- **8101 CONNECTICUT AVE (CLEER)**
- **HOUSING UNLIMITED (CSPPA)**
- **THE URBAN WINERY (SBESS)**
- **EPWORTH UNITED METHODIST CHURCH (CSPPA)**
- **STEWART AVENUE WAREHOUSES (CLEER)**

## Highlights from our 120 outreach events:





**Annual Progress Report Per Contract #1076863 Submission Date:  
October 31, 2022**

**For Activities Between November 1, 2021, and October 31, 2022**

**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).

**Vision Statement**

A prospering, sustainable, and healthy Montgomery County where everyone participates in and benefits from clean energy and climate-resilient solutions.

**Mission Statement**

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 businesses.

**Current Product / Service Offerings:**

Name	Sector	Partners	Common Ownership Communities	Multifamily	Nonprofits
<b>Clean Energy Advantage (CEA)</b> – Energy Efficiency (with Maryland Clean Energy Center)	Homeowners	Clean Energy FCU	Yes		
<b>Renewable Energy Financing</b>	Homeowners	Clean Energy FCU			
<b>Access Solar – SREC Subsidy</b>	Homeowners (Low- and Moderate – Income – LMI)	SREC TRade			
<b>Access Solar – Power Purchase Agreement</b>	Homeowners - LMI	Sunnova			
<b>C-PACE</b> (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>CLEER +</b> - CLEER loan plus a Participation by MCGB	Commercial and Industrial	Sandy Spring Bank	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 Revolve	Yes	Yes	Yes
<b>Tailored Debt /Direct Investing</b>	Commercial and Industrial	Per transaction	Yes	Yes	Yes
<b>Community Solar Facility</b>	Commercial and Industrial, homeowners, renters	Skyview Ventures	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 Ever-To-Date portfolio (through August 31, 2022) and major pipeline for near term closings:

Current Products	Closed		Major Pipeline for Potential Closing	
	# Transactions	Project Costs	# Projects	Project Costs
CEA	34	\$538,000	10	\$76,000
CLEER	6	\$5,264,000	TBD 2/	TBD 2/
SBESS	5	\$1,910,000	3	\$24,000,000
Debt (includes Community Solar)	5	\$5,203,000	2	\$3,300,000
Commercial Solar PPA	5	\$912,000	6	\$1,700,000
<b>Totals (non-CPACE)</b>	<b>55</b>	<b>\$13,840,000</b>	<b>21</b>	<b>\$29,076,000</b>
C-PACE 1/	6	\$3,881,000	1 3/	\$900,000 3/
<b>Totals (with CPACE)</b>	<b>61</b>	<b>\$17,721,000</b>	<b>22</b>	<b>\$29,976,000</b>
COC TA	12			
Commercial TA	4			
Aff Rental TA	6			

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

2/ CLEER loans are being replaced with Debt; some combination of CLEER and debt may occur.

3/ C-PACE lenders do not share pipelines given competitive nature of business.

## KEY ACCOMPLISHMENTS FOR PERIOD November 1, 2021 to October 31, 2022

### STRATEGIC

The Green Bank undertook several broad strategic activities to set its longer-term goals, align with County Goals and Climate Plan strategies, create new financing structures that add value to end users and financial partners, and build a broader statewide alliance.

- FY23-26 Strategic Planning: The Green Bank completed its three-year strategic plan and adopted its plan for the FY23-25 period at the June 2022 Board meeting. The Key Performance Indicators for the plan include:
  - Investment: \$200 million in project value and \$80 million of Green Bank capital in clean energy and resiliency investments
  - Leverage: 2.5:1 of Green Bank project capital to other private capital investments
  - Environmental Impact: 50,000 metric tons of greenhouse gas emissions annually avoided
  - Equity Impact: 2,000 LMI households and \$30 million in project value in Equity Emphasis Areas directly benefitting from Green Bank investments
- Alignment with and support of County Goals and Climate Action Plan - highlights:
  - Faith-based, nonprofit, affordable housing solar, community solar, and homeowner: Closed 14 transactions supporting 1.3 kW of solar PV using Commercial Solar PPA, Debt, Small Business Energy Savings Support, and Clean Energy Advantage products with four faith-based entities, two affordable rental owners, a nonprofit, two solar developers, and five homeowners.
  - Low- and moderate-income homeowner Solar: The Green Bank developed a new solar financing program called “Access Solar” for low- and moderate-income households that was launched in

- conjunction with the 2022 County Solar Coop program. The Access Solar program offers a SREC pre-payment option and a flexible Power Purchase Agreement option.
- Community Solar on DOT garages: The Green Bank worked with Department of Transportation to define a strategy for using Silver Spring parking garages for community solar projects. The DOT has used this information to determine its approach to issuing an RFP for this effort.
  - Commercial Properties: The Green Bank supported technical assistance (“TA”) for 8 condominiums, 4 commercial properties, and 4 affordable rental properties to date to identify energy savings retrofit opportunities. The Green Bank is gearing up to launch a broader TA program for commercial properties in November 2022 leveraging the Fuel Energy Tax funding and the expendable funds allocated in this funding to support this ramped up effort.
  - EVs: Secured a \$250,000 grant from General Motors to support installation of 30 EV chargers at affordable rental housing properties. The EV charger program launched in September 2022 and has 6 prospective properties for the program which has a target of 15 properties and 30 dual chargers.
  - Equity: The Green Bank worked on several equity-related activities to promote clean energy to underserved populations, including launching of Access Solar for households earning under \$97,500, solar installation proposals for two affordable housing properties, conducting technical assistance on affordable condominium and rental properties, and focusing efforts on properties in Equity Emphasis Areas in the County in conjunction with the new Fuel Energy Tax funding.
- New Financing Structures
    - C-PACE Legislative Enhancements: The Green Bank worked with the County Executive’s office to finalize 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.
    - Participation Loans: Crafted a new approach to working with lenders to provide Green Bank debt capital in partnership with lender capital to provide better terms to the end-user and mitigate the risk for the lead lender. Executed this approach on two loans with Sandy Spring Bank. Working with additional lenders on this model for new partnerships.
    - Community Solar Facility: Developed a new facility with Skyview Ventures to offer a no out-of-pocket financing for organizations interested in solar arrays on their property that can serve their property and make subscriptions available to the community for the excess solar under a community solar structure. Two organizations currently in the pipeline for using this facility.
  - Broader Statewide Alliance: Completed the launch in March 2022 of a **statewide** Clean Energy Advantage (“CEA”) program to finance homeowner energy efficiency improvements in partnership with the Maryland Clean Energy Center (“MCEC”). This statewide CEA program leverages the EmPOWER program of the utilities and is supported with funding from EmPOWER in Montgomery County by Pepco, BGE, Potomac Edison and Washington Gas. The funding supports a loss reserve, interest rate buydowns, and administrative costs of the Green Bank. The Green Bank pursued this partnership with MCEC to make CEA a statewide program to generate greater interest among the contractors to use the product anywhere in the state. Since its launch, the program has resulted in 5 loans and 10 in the pipeline which far exceeds the program’s use of 4 loans when it was only in Montgomery County program.



## CAPITAL

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

### On-Balance Sheet Capital

- **County Council Approved Bill 44-21 for Green Bank Annual Funding:** The Green Bank received unanimous approval from the County Council for Bill 44-21 that provides annual funding to the Green Bank equal to 10% of Fuel Energy Tax annually. The funding was approved by the County Council for FY23 with a budget amount of \$18.6 million.
- **\$250,000 million Grant from General Motors:** Received \$250,000 in grant funds in March 2022 from General Motors under its Climate Equity giving to support installation of 30 EV Chargers at Affordable Rental Housing properties.
- **USDA Rural Energy Savings Program:** The Green Bank re-engaged with USDA in July 2022 on an application originally submitted in November 2020 for \$4.9 million in 0% funding. The USDA had delayed its response to the Green Bank for months. By July 2022, the USDA had worked out an approach that could work for the Green Bank to use this funding. The Green Bank submitted an amended application in August 2022 and will work with USDA this fall on this funding source. The USDA funds need to be provided directly to end users. This finding could be paired with the Energy Tax funds in loans for energy efficiency or solar to commercial property owners anywhere in the county.
- **Inflation Reduction Act (“IRA”) Funding:** The Green Bank is engaged in national conversations with other green banks and networks on strategies for accessing the \$20 billion in funds identified in the IRA that can finance clean energy through organizations such as the Montgomery County Green Bank. The timing for this resource is likely mid-2023 and the Green Bank would need to apply to the national entity that will be the initial recipient of the funds from the EPA. The form of the funding to the Green Bank is not yet established.

### Investment capital:

- **C-PACE Capital Providers:** The Green Bank secured seven new capital providers to offer C-PACE in Montgomery County. This includes Forbright, Capital Bank, Bayview, Ygrene, NCB, Amalgamated Bank, and Green Rock.
- **\$500,000 additional funding commitment under Small Business Energy Savings Support (SBESS):** Having used the \$600,000 in original lending capacity under SBESS, the Green Bank completed an additional capital arrangement with City First Enterprises on the Small Business Energy Savings Program (SBESS) that brought \$100,000 more of City First Enterprises funding to be lent with an additional \$500,000 of Green Bank funds to support flexible investing for small businesses. This creates a \$1.2 million funding pool for the SBESS program.
- **\$6 million in flexible funding for commercial properties under a second structure with City First Enterprises.** The Green Bank and City First Enterprises created a second agreement to provide more flexible funding for projects and advance the initial effort of the first structure. The funding for this program will create greater opportunities to offer flexible resources to commercial property owners.

## PRODUCTS

- Clean Energy Advantage – Energy Efficiency – Taking This Statewide: This program launched in March 2022 after 6 months of work with the six utilities involved in the program. The Green Bank partnered with the Maryland Clean Energy Center (MCEC) on this homeowner energy efficiency financing program approved by the Maryland Public Service Commission under EmPOWER in June 2021 and provided over \$2 million in support of the program, with \$740,000 of that support coming to the Green Bank for use on loans in Montgomery County. 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. The loans are presently offered by the Clean Energy Credit Union under a loss reserve program. (Note: The DC Green Bank is adding CEA to their product offering and will use the CEA statewide infrastructure created by MCEC and the Green Bank to manage its program.)
- CLEER+: A combined CLEER and Participation Loan product. The Green Bank worked with Sandy Spring Bank (SSB) to create a program where SSB uses the CLEER product with Green Bank credit enhancement and adds the role of the Green Bank to purchase a portion of the balance of the loan using Green Bank capital. This allows SSB to reduce its risk exposure and offer the end user a lower interest rate while also allowing the Green Bank to receive interest return on its investment. The Green Bank has closed on two projects under this structure.
- City First Enterprise Products: Small Business Energy Savings Support and Flexible Commercial Offer: The Green Bank has undertaken two efforts with City First Enterprises (“CFE”) to increase the options for commercial property owners. **First**, in March 2022 the Green Bank extended the investment capacity of the initial SBESS program designed to support COVID related business needs by adding \$500,000 of Green Bank capital to the initial \$500,000 and CFE added \$100,000 to its investment. This brings the total facility to \$1.2 million. **Second**, the Green Bank created a new flexible facility with CFE that creates a structure for more traditional business needs and substantially increases capacity under the CFE and Green Bank relationship. The new facility will create a \$6 million structure with new loss sharing that increases the risk for CFE and thus creates a better sharing structure. The Green Bank is looking at the initial uses of this with CFE.
- Technical Assistance: The Green Bank funded technical assistance for energy savings audits to define energy improvements and their benefits to 8 common ownership communities, 4 affordable rental property, and 4 commercial properties.
- Access Solar: The Green Bank created a set of financing opportunities to support Low- and Moderate-Income households to participate in solar PV. The effort was launched in March 2022 in conjunction with the 2022 Solar Coop. The program has two elements: *Ownership options*: The Green Bank undertook two items to support ownership. i) SREC Subsidy: Developed a structure to pre-purchase SRECs by paying upfront for 5 years of SRECs based on production estimates. The pre-purchase will bring about 10% of the contract price as subsidy. ii) Negotiated a lower credit score of 600 for the current low reduced interest rate loan program with Clean Energy Credit Union. *Rental option*: The Green Bank established a loss reserve structure with Sunnova to offer a 25-year PPA to homeowners with three payment options of a) 5% discount to grid prices with a 1% or less escalator; b) a steady payment with no escalator set at current kWh prices; and c) a price at a set discount to utility prices over the life of the contract. (Note: The program was offered to the solar installer selected by the Coop participants, but as this is a new solar installer for the Coop the installer has been slow to adopt the program. The Green Bank has found another installer to offer but this installer does not serve the Coop participants.)

- Community Solar Facility: Developed a new facility with Skyview Ventures to offer a no out-of-pocket financing for organizations interested in solar arrays on their property that can serve their property and make subscriptions available to the community for the excess solar under a community solar structure. Two faith-based organizations are currently in the pipeline for using this facility and would make the subscriptions available to their congregants as well as the community.

## INVESTMENTS

### Portfolio and Production as of August 2022

#### Total portfolio (MCGB Capital related):

- \$13.84 million in project value supported by Green Bank activity (Not including CPACE)
  - 55 total; 46 unique transactions
  - 27 homeowners
  - 19 commercial (including common ownership communities)
  - (\$3.8 MM C-PACE portfolio of originated loans inherited in March 2021.)
- 2,629 metric tons in annual greenhouse gas reductions for this portfolio
- Annual energy savings of \$356,000 per year.
- 840 total households supported
  - 581 low- and moderate-income qualified homes benefitting
  - 442 multifamily homes

#### Production for Annual Report Period

- \$10.8 million in project value supported by Green Bank activity (Not including CPACE)
  - 28 total; 25 unique transactions
  - 12 homeowners
  - 13 commercial (including common ownership communities)
- 1,706 metric tons in annual greenhouse gas reductions for this portfolio
- Annual energy savings of \$228,000 per year.
- 278 total households supported
  - 28 low- and moderate-income qualified homes benefitting
  - 175 multifamily homes
- Commercial and Industrial Projects:
  - *Projects using Commercial Solar PPA*:
    - **Meadowbrook Stables**: \$275,000 project for a 99-kW system on these stables on Montgomery County Parks land under a lease to the stables.
    - **Epworth Methodist Church**: \$262,000 project for a 118-kW system.
    - **Jewish Council for Aging**: \$236,000 project for a 87-kW system
    - **St. Stephens Lutheran Church**: \$76,400 project for a 31-kW system
    - **Housing Unlimited**: \$57,000 project for a total 20-kW on three affordable housing properties.
  - *Projects Using the Small Business Energy Savings Support product*
    - **Urban Winery**: \$275,000 loan to support needed energy efficiency upgrades and recover from COVID-19 business impacts.
    - **Hampshire Towers – Solar**: \$370,000 loan to Orlo Management to support a 159-kW solar array on this property.
    - **Unitarian Church of Silver Spring**: Solar and energy efficiency: \$500,000 bridge loan to support a \$1.3 million project for a 25 kW solar array and energy efficiency

improvements.

- *Projects using CLEER+*
  - **8101 Connecticut Avenue:** A \$2.3 million CLEER loan with a \$1.1 million Green Bank participation commitment to support a \$5.8 million energy efficiency renovation project at this property.
  - **Stewart Avenue Warehouses:** \$573,000 CLEER loan with a \$550,00 Green Bank participation commitment to support a 412-kW community solar project.
- *Projects using tailored debt:*
  - **Paddington Square:** Green Bank closed on a \$463,000 debt for a \$926,00 community solar project at Paddington Square.
- Homeowner Projects:
  - *Projects using the Clean Energy Advantage statewide product*
    - Six projects totaling \$57,000 in total projects supported.
  - *Projects using the Renewable Energy Financing*
    - Six projects totaling \$160,000 in total projects supported.

#### **Pipeline:**

- FY23 Opportunities: In addition, there is another \$28 million in projects in the active pipeline that would be potential for FY23. These projects include commercial, common ownership, nonprofits, affordable housing, community solar, and homeowner prospective undertakings in energy efficiency and renewable energy projects.

#### **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 worked closely with DOT over several months to design a strategy for using four Silver Spring garages for community solar which would include a LMI component. The DOT has taken over the work and is set to issue an RFP to solicit developers for this project. The Green Bank remains in touch with DOT and will offer its financing to interested parties submitting on the RFP.
- **Commercial Solar Power Purchase Agreement for Nonprofits and Faith-Based Entities:** The Green Bank leveraged a webinar conducted with Interfaith Power and Light in June 2021 to develop a prospective set of 25 Faith-Based entities which have an interest in solar and looking for Green Bank support. The Green Bank has also engaged affordable rental property owners in considering a PPA to support installations on their properties, including Housing Unlimited, Montgomery Housing Partnership (MHP), and Victory Housing. Housing Unlimited closed on its loan. We remain in discussions with MHP and Victory Housing.
- **Access Solar - Rooftop Solar Program Dedicated to Low- and Moderate-Income Families:** The Green Bank launched its solar financing program – called Access Solar - for low- and moderate-income households in March 2022. The program is being offered in conjunction with the Country’s Solar Coop program. Access Solar was developed after consultation through four meetings with a diverse stakeholder interest group of 12 to 20 participants between February 2021 and February 2022. Access Solar includes:
  - 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.
  - Lower interest loan financing offered to a minimum 600 credit score through our partner the

Clean Energy Credit Union.

- **LMI Affordable Common Ownership Communities:** The Green Bank worked on several activities in support of these affordably priced housing communities.
  - *Community Solar Regulatory Charges:* The Green Bank continues to try and address hurdles related to installing community solar on condominiums. The Green Bank has its first opportunity to move forward with a project at Glen Manor, but it recently became apparent that the condo needs to achieve 60% owner approval and 60% mortgage holder approval to enter a lease to install the solar on the roof. The Green Bank connected with state Del Charkoudian and Senate Will Smith on the issue and they are looking to introduce legislation to address this hurdle. We also continue to work with Pepco on trying to address tariff related issues for interconnection which makes projects with multiple buildings in a condominium infeasible. We will continue in our efforts, but these issues are stalling projects from moving forward.
  - *Technical Assistance for two condominium communities:* The Green Bank supported eight more common ownership communities (to bring to a total of twelve) 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 these COCs about strategies for moving forward with improvements. The Technical Assistance is helping one condominium begin its Board process to define its long-term strategy and the other to begin assessment on its next stage efforts.
- **Affordable Rental Housing:** The Green Bank conducted several solar-related activities for affordable rental housing.
  - Solar array evaluations: The Green Bank used assessments of three portfolios of affordable housing owners to review potential implementation, including Housing Unlimited, Montgomery Housing Partnership and Victory Housing. One property owner, Housing Unlimited, closed on its project to put solar on three properties using the Green Bank's PPA product.

## **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 FY21 audit in February 2022. 990 submitted in November 2021. FY23 audit and in process with projected approval on November 4, 2022.
- Annual County Submission: 2021 Annual Report was delivered to County Executive and County Council President per contract requirements in December 2021.
- Loan Servicing System: The Green Bank went through the process of evaluating and selecting a loan servicing system for its expanding portfolio. The Green Bank chose Downhome Solutions and is presently incorporating the new system to manage the portfolio.

### **PARTNERSHIP**

- County Executive and Councilmember Meetings: Green Bank management and various Board members met directly with the County Executive and all Councilmembers (or their staff) 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 program launched in March 2022 and the utilities are providing over \$2 million to MCEC and the Green Bank from EmPOWER funds to support the program.

- DC Green Bank: The Green Bank continues to collaborate with the DC Green Bank and has shared its programs in Small Business Energy Savings Support and Clean Energy Advantage which DC Green Bank has adopted both of these as part of its portfolio of offerings.
- City First Enterprises: The Green Bank furthered its relationships with CFE by a) expanding a current facility under SBESS and b) crafting a new approach to SBESS that will offer greater opportunities to businesses.

### **PROMOTION:**

- Public Event: The Green Bank was the subject of an in-person event heralding the passage of Bill 44-21 by County Council members. The bill provides funding to the Green Bank equal to 10% of the energy tax annually.
- Partnership Celebration Event: The Green Bank held a celebration event on Sept 8, 2022 with about 100 attendees, including four County Council members, David Dise for the County Executive, and 4 state delegates.
- Ads: The Green Bank is conducting a series of digital ads on Facebook to promote community solar, Clean Energy Advantage, Access Solar, and the Solar Coop.
- Promoting Knowledge: The Green Bank has held nearly 120 presentations, including 11 meetings with the County Council and County executive. This includes 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 issues two newsletters a month - one focused on the public and one focused on its partners, both commercial and residential contractors. The Green Bank gets a regular 28%-plus open rate on its newsletters.
- Annual Report: The Green Bank published its Montgomery County Green Bank 2021 Annual Report in January 2022.
- Press releases: The Green Bank produced multiple press releases heralding accomplishments, including:
  - Green Bank receiving 10% of the Energy Tax funds.
  - The Green Bank's financing of the Urban Winery project
  - The new partnership structure with Sandy Spring Bank
  - Growing Solar in Montgomery County highlighting all the ways the Green Bank is supporting solar.

# **Montgomery County Green Bank Corporation**

**Financial Statements  
With Report of Independent Auditors**

**June 30, 2022 and 2021**

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Report of Independent Auditors

To the Board of Directors of  
Montgomery County Green Bank Corporation:

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Montgomery County Green Bank Corporation, a Maryland Corporation, which comprise the statement of financial position as of June 30, 2022 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 referred to above present fairly, in all material respects, the financial position of Montgomery County Green Bank Corporation as of June 30, 2022, and the results of its operations 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montgomery County Green Bank Corporation 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.

***Prior Period Financial Statements***

The financial statements of Montgomery County Green Bank Corporation as of June 30, 2021 were audited by other auditors whose report dated February 14, 2022 expressed an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Montgomery County Green Bank Corporation ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 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, including omissions, 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 Montgomery County Green Bank Corporation 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 Montgomery County Green Bank Corporation 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.

### ***Changes in Accounting Principles***

As discussed in Note 2 of the financial statements Montgomery County Green Bank Corporation adopted changes in ASU 2020-07 related to presentation and disclosure of contributed nonfinancial assets. Our opinion is not modified with respect to those matters.

  
Malvern, Pennsylvania  
November 2, 2022

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,951,190	\$ 17,586,506
Restricted cash - loss reserve	595,200	260,000
Restricted cash - revolving fund	6,285,374	6,285,374
Accounts receivable	223,087	219,441
Interest receivable	2,157	-
Program loans receivable, net - small businesses	189,877	30,767
Program loans receivable, net - others	858,271	-
Prepaid expenses	21,838	7,960
Deposits	1,886	1,886
Total Assets	\$ 24,128,880	\$ 24,391,934
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 128,271	\$ 37,432
Funds held for program liability	105,000	-
Funds held on behalf of the County - revolving fund	6,285,374	6,285,374
Total Liabilities	6,518,645	6,322,806
<b>Net Assets</b>		
Net assets without donor restrictions	11,970,107	10,411,447
Net assets with donor restrictions	5,640,128	7,657,681
Total Net Assets	17,610,235	18,069,128
Total Liabilities and Net Assets	\$ 24,128,880	\$ 24,391,934

See accompanying notes to financial statements

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 426,060	\$ 354,693	\$ 780,753	\$ 762,110	\$ -	\$ 762,110
Program revenue	97,371	-	97,371	10,046	-	10,046
Sponsorship	700	-	700	-	-	-
In-kind contributions	16,457	-	16,457	1,847	-	1,847
Investment income	54,307	-	54,307	146,911	-	146,911
Net assets released from restrictions	2,372,246	(2,372,246)	-	468,675	(468,675)	-
Total operating revenue and support	<u>2,967,141</u>	<u>(2,017,553)</u>	<u>949,588</u>	<u>1,389,589</u>	<u>(468,675)</u>	<u>920,914</u>
<b>OPERATING EXPENSES</b>						
Program services:						
Clean energy investment	838,196	-	838,196	532,587	-	532,587
Supporting Services						
Management and general	546,099	-	546,099	399,152	-	399,152
Fundraising	24,186	-	24,186	41,704	-	41,704
Total operating expenses	<u>1,408,481</u>	<u>-</u>	<u>1,408,481</u>	<u>973,443</u>	<u>-</u>	<u>973,443</u>
CHANGE IN NET ASSETS	1,558,660	(2,017,553)	(458,893)	416,146	(468,675)	(52,529)
Net assets, beginning of year	<u>10,411,447</u>	<u>7,657,681</u>	<u>18,069,128</u>	<u>9,995,301</u>	<u>8,126,356</u>	<u>18,121,657</u>
Net assets, end of year	<u>\$ 11,970,107</u>	<u>\$ 5,640,128</u>	<u>\$ 17,610,235</u>	<u>\$ 10,411,447</u>	<u>\$ 7,657,681</u>	<u>\$ 18,069,128</u>

See accompanying notes to the financial statements

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

2022

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Clean Energy Investment</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, benefits and payroll tax	\$ 530,807	\$ 476,818	\$ 18,933	\$ 1,026,558
Professional services	127,784	21,910	798	150,492
Product development	82,313	-	-	82,313
Advertising and promotion	32,307	23,931	3,590	59,828
Rent	3,239	2,910	115	6,264
Office expenses	15,590	14,004	556	30,150
Insurance	5,433	4,880	194	10,507
Bad debt expense	25,912	-	-	25,912
In-kind expense	14,811	1,646	-	16,457
Total operating expenses	<u>\$ 838,196</u>	<u>\$ 546,099</u>	<u>\$ 24,186</u>	<u>\$ 1,408,481</u>

2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Clean Energy Investment</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, benefits and payroll tax	\$ 301,645	\$ 335,162	\$ 33,516	\$ 670,323
Professional services	89,862	22,716	-	112,578
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	-	22,849	-	22,849
Insurance	-	10,474	-	10,474
Bad debt expense	650	-	-	650
In-kind expense	1,679	168	-	1,847
Total operating expenses	<u>\$ 532,587</u>	<u>\$ 399,152</u>	<u>\$ 41,704</u>	<u>\$ 973,443</u>

See accompanying notes to the financial statements

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (458,893)	\$ (52,529)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(3,646)	69,191
Interest receivable	(2,157)	-
Program loans receivable, net - small businesses	(159,110)	(30,767)
Program loans receivable, net - others	(858,271)	-
Prepaid expenses	(13,878)	638
Deposits	-	-
Accounts payable and accrued expenses	90,839	21,926
Funds held for program liability	105,000	-
Net cash (used in) provided by operating activities	(1,300,116)	8,459
Cash flows from investing activities:		
Proceeds from sale of investments	-	10,004,905
Net cash provided by investing activities	-	10,004,905
Net change in cash, cash equivalents and restricted cash	(1,300,116)	10,013,364
Cash, cash equivalents and restricted cash at beginning of year	24,131,880	14,118,516
Cash, cash equivalents and restricted cash at end of year	\$ 22,831,764	\$ 24,131,880
Cash and cash equivalents	\$ 15,951,190	\$ 17,586,506
Restricted cash - loss reserve	595,200	260,000
Restricted cash - revolving fund	6,285,374	6,285,374
Total cash, cash equivalents and restricted cash	\$ 22,831,764	\$ 24,131,880

See accompanying notes to the financial statements

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

1. Organization

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

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

The Organization was capitalized by Montgomery County government (“Montgomery County”) with funding from the Exelon-Pepco merger. The Organization will use this funding to mobilize provide investment and facilitate reinvestment in energy-efficiency and clean energy. The Organization will combine its funds with lender partners to establish financing vehicles that help to improve the energy savings 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

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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 restriction and net assets with donor restrictions.

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

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 statements of activities and change in net assets as net assets released from restriction.

Measure of operations

The statements of activities report 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 and cash equivalents

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

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 the Organization for the purpose of reimbursing the lender for future loans which may default. As of June 30, 2022, the restricted cash – loss reserve was sufficient to cover the Organizations 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 the Organization and Montgomery County. These funds are to be used only by Montgomery County and for the Montgomery County purposes as the 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 the Organization, at the conclusion of the contract.

The corresponding obligation is recorded as a current liability as Funds held on behalf of the county on the accompanying statement of financial position, as of June 30, 2022.

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 current assets. Investment income is measured as earned on the accrual basis.



**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

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 receivables are fully collectible and therefore no allowance for doubtful accounts is provided.

Program loans receivable – small business

Program loans receivable relates to the small business loan portfolio offered by the Organization. During the year ended June 30, 2021, the Organization entered into a loan agreement in the amount of \$39,870. During the year ended June 30, 2022, the Organization entered into 3 additional loan agreements amounting to \$213,872. As of June 30, 2022 and 2021, the total gross loan portfolio amounts to \$196,141 and \$31,417, respectively. The various loans outstanding have interest rates ranging from 0% to 4.75% and have maturities ranging from 1 to 4.5 years. 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, 2022 and 2021, the allowance for uncollectible loans amounted to \$6,264 and \$650, respectively. As of June 30, 2022 and 2021, the program loan receivable, totals a net amount of \$189,877 and \$30,767, respectively.

Program loans receivable - other

Program loans receivable relates to the loan portfolio, other than small business loans, offered by the Organization. During the year ended June 30, 2022, the Organization entered into 6 loan agreements amounting to \$985,080. As of June 30, 2022 and 2021, the gross loan portfolio amounts to \$878,569 and \$0, respectively. The various loans outstanding are non-interest bearing and have maturities ranging from 10 to 20 years. 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, 2022 and 2021, the allowance for uncollectible loans amounted to \$20,298 and \$0, respectively. As of June 30, 2022 and 2021, the program loan receivable, totals a net amount of \$858,271 and \$0, respectively.

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 the future period, or are restricted 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 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 and recognized as without donor restriction contributions. Contributions are reported at fair value, which is net of estimated uncollectible amounts.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

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 the Organization. During the years ended June 30, 2022 and 2021, the Organization received \$16,457 and \$1,847 of donated services, respectively.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic areas and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or another reasonable basis. 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.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, benefits, and payroll tax	Time and effort
Professional services	Time and effort
Product development	Time and effort
Advertising and promotion	Time and effort
Rent	Usage
Office expenses	Usage
Insurance	Usage
Bad debt expense	Usage
In kind expense	Time and effort

Income taxes

The Organization is a not-for-profit Organization which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income, which is generated from the Organization's investment income and other activities not related to their stated exempt purposes.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Income taxes (continued)

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization, including changes to the Organization's status as a not-for-profit entity. Management has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of credit risk

The Organization's assets that are exposed to credit risk consist primarily of cash and cash equivalents, account and program loan receivable. Cash and cash equivalents are maintained at various financial institutions and at times these balances may exceed the federal insured limited. The Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. The Organization's accounts and program loans receivable balances consist primarily of amounts due from the county and companies. Historically, the Organization has not experienced significant losses related to the accounts and program loan receivables balance and, therefore, believes that the credit risk related to them is minimal.

Concentration of grant and contribution revenue

Approximately 55% and 83% of grant and contribution revenue was derived from the Montgomery County contract associated with the funding from the Exelon-Pepco merger for the years ended June 30, 2022 and 2021, respectively.

Prepaid expenses

Prepaid expenses represent amounts paid as of the reporting date that will benefit future operations.

Change in accounting principle

On July 1, 2021, the Organization adopted new accounting standard for ASU 2020-07, Not-for-Profit Entities (Topic 958), that affects the presentation and disclosures for contributed nonfinancial assets. Adopting this standard did not have a significant impact on the financial statements.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

3. Legal contingencies

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

4. Liquidity and availability of financial assets

The following represents the Organization's financial assets as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 15,951,190	\$ 17,586,506
Accounts receivable	223,087	219,441
Program loan receivable, net – small business	189,877	30,767
Program loan receivable, net – other	858,271	-
Total financial assets	17,222,425	17,839,714
Less amounts not available for general expenditure within one year due to:		
Donor-imposed restrictions	5,640,128	7,657,681
Program loan receivable, net – small business	126,839	30,767
Program loan receivable, net – other	850,315	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,605,143	\$ 10,151,266

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 had no debt on the statements of financial position as of June 30, 2022 and 2021, and typically pays its obligations using cash. As of June 30, 2022, the Organization has enough financial assets to cover at least one year of operating expenses.

5. Operating leases

The Organization has entered into a lease agreement for its office space on June 20, 2017 with the option for two renewal 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 years ended June 30, 2022 and 2021, rent expense totaled \$6,264 and \$15,565, respectively.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

6. In-kind contributions – nonfinancial assets

In-kind contributions consist of the following for the years ended June 30, 2022 and 2021:

	2022 Revenue Recognized	2021 Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal services	\$ 16,457	\$ 1,847	Legal assistance	No associated donor restrictions	Estimated fair value on the basis of estimates of wholesale values that would be received for performing similar services in the United States

7. Net assets with donor restrictions

Net assets with donor restriction consist of the following at June 30, 2022:

	Beginning balance	Additions	Released from restriction	Ending balance
Montgomery County Contract	\$ 7,164,300	\$ -	\$ (2,176,448)	\$4,987,852
Grant for solar program	493,381	-	(180,467)	312,914
Grant for Homeowner Energy Efficiency Program	-	104,693	(331)	104,362
Grant for EV Chargers	-	250,000	(15,000)	235,000
Total	<u>\$ 7,657,681</u>	<u>\$ 354,693</u>	<u>\$ (2,372,246)</u>	<u>\$5,640,128</u>

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

7. Net assets with donor restrictions (continued)

Net assets with donor restriction consist of the following at June 30, 2021:

	Beginning balance	Additions	Released from restriction	Ending balance
Montgomery County				
Contract	\$ 7,344,500	\$ -	\$ (180,200)	\$7,164,300
Grant for communication 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)	-
Total	<u>\$ 8,126,356</u>	<u>\$ -</u>	<u>\$ (468,675)</u>	<u>\$7,657,681</u>

Montgomery County Contract

The Montgomery County Contract funds, which are derived from funding from the Exelon-Pepco merger, are available to the Organization to support a comprehensive package of programs that leverage investments into clean energy and energy-efficient technologies. The Organization can use up to a maximum amount of funds of \$22,970,374. The Organization 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-efficient technologies. The Organization 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 communications and outreach program that promotes the Organizations 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.

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.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

7. Net assets with donor restrictions (continued)

Grant for Homeowner Energy Efficiency Program

These funds are part of a pilot Clean Energy Advantage program (the “CEA Program”) between the Organization, Maryland Clean Energy Center, and six Maryland utilities and funded under the EmPOWER program. The pilot CEA Program was implemented to offer residential customers in Maryland access to home improvement financing offered by third-party lenders that support qualified energy efficient improvements made by homeowners.

Grant for EV Chargers

These funds are targeted to support equitable access to electric vehicle chargers (and thus electric vehicles) to occupants of affordable rental properties and low- and moderate-income households.

8. Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Organization’s operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Organization’s borrowers, all of which are uncertain and cannot be predicted. The Organization’s future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

9. Subsequent events

Subsequent events have been evaluated through November 2, 2022, which is the date the financial statements were available to be issued. The following is a summary of subsequent events through November 2, 2022.

Montgomery County passed legislation in February 2022 that annually dedicates 10% of the county’s Fuel Energy Tax to the Organization. Montgomery County approved over \$18 million in funding to the Organization in its 2023 budget related to this newly enacted legislation. This funding will be received by the Organization over the course of the year.

**MONTGOMERY COUNTY GREEN BANK CORPORATION**  
**Financial Statements**  
**Selected Information**  
**For Eight Months Ended February 28, 2023**

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 organization adjusts allowance for program loan receivable on a quarterly basis.
- Accrual for vacation pay is adjusted at the end of the fiscal year.
- Fuel-energy tax credit revenues are recorded as grants and contributions on the statement of activities on a cash basis when payments are received.
- In February, the organization re-invested proceeds from the original savings bond via Treasury Direct (par value \$4.5M and interest rate of 4.221% per year) at a discount price of \$4,447,789. The bond matures within three months and was recorded as cash and cash equivalent. Treasury Direct does not provide monthly statements, therefore saving bond was recorded at cost and accrued interest daily based on the annual rate.
- The organization is currently holding \$648,812 as restricted cash for loan loss reserve. As of February 28, 2023, there is no liability arising from potential loan defaults.

The effects of these departures have not been determined.



# Montgomery County Green Bank Corporation

## Statements of Financial Position

February 28, 2023 and June 30, 2022

	February 28, 2023	June 30, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 19,403,874	\$ 15,951,190
Restricted cash - loss reserve	648,812	595,200
Restricted cash - revolving fund	6,285,374	6,285,374
Accounts receivable	400	223,087
Accrued interest receivable	2,157	2,157
Program loans receivable (small businesses)	168,733	196,139
Less: Allowance for bad debts (small businesses)	(112,927)	(6,262)
Program loans receivable, net (small businesses)	55,806	189,877
Program loans receivable (others)	5,732,980	878,569
Less: Allowance for bad debts (others)	(202,523)	(20,298)
Program loans receivable, net (others)	5,530,457	858,271
Prepaid expenses	10,168	21,838
Deposits	1,886	1,886
<b>Total assets</b>	\$ 31,938,934	\$ 24,128,880
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 104,420	\$ 128,271
Funds held for program liability	105,000	105,000
Funds held on behalf of the County - revolving fund	6,285,374	6,285,374
<b>Total liabilities</b>	6,494,794	6,518,645
<b>Net assets</b>		
Without donor restrictions	18,853,024	11,970,107
With donor restrictions	6,591,115	5,640,128
<b>Total net assets</b>	25,444,139	17,610,235
<b>Total liabilities and net assets</b>	\$ 31,938,934	\$ 24,128,880

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, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>Operating revenue and support</b>			
Grants and contributions	\$ 5,963,864	\$ 3,090,869	\$ 9,054,733
CPACE Service/Fee income	27,881	-	27,881
Program Revenue	36,928	-	36,928
Program Revenue - Empower CEA	56,569	-	56,569
Investment income	253,042	-	253,042
Release from restrictions	2,139,882	(2,139,882)	-
<b>Total operating revenue and support</b>	<b>8,478,167</b>	<b>950,987</b>	<b>9,429,154</b>
<b>Operating expenses</b>			
Salaries, benefits and payroll tax	980,755	-	980,755
Professional services	85,348	-	85,348
Advertising and promotion	38,766	-	38,766
Product development	130,534	-	130,534
Office expenses	44,124	-	44,124
Rent	12,552	-	12,552
Insurance	14,281	-	14,281
Bad debt expense	288,889	-	288,889
<b>Total operating expenses</b>	<b>1,595,250</b>	<b>-</b>	<b>1,595,250</b>
<b>Change in net assets from operations</b>	<b>6,882,917</b>	<b>950,987</b>	<b>7,833,904</b>
<b>Net assets, beginning of year</b>	<b>11,970,107</b>	<b>5,640,128</b>	<b>17,610,235</b>
<b>Net assets, end of year</b>	<b>\$ 18,853,024</b>	<b>\$ 6,591,115</b>	<b>\$ 25,444,139</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, 2023

	CIF G&A Expense	Task 2-4A	CEA State- wide	CPACE Servicing	Debt	Etax	Grants	SBESS	CSPPA	Access Solar	Total
<b>Operating revenue and support</b>											
Grants and contributions	\$ 2,902	\$ 134,245	\$ -	\$ -	\$ -	\$ 8,831,056	\$ -	\$ -	\$ 86,531	\$ -	\$ 9,054,733
Service/Fee income	-	-	-	2,881	25,000	-	-	-	-	-	27,881
Program Revenue	26,853	-	-	-	2,987	-	-	7,088	-	-	36,928
Program Revenue - Empower CEA	-	-	56,569	-	-	-	-	-	-	-	56,569
Investment income	242,043	-	-	37	10,962	-	-	-	-	-	253,042
<b>Total operating revenue and support</b>	<b>271,798</b>	<b>134,245</b>	<b>56,569</b>	<b>2,918</b>	<b>38,949</b>	<b>8,831,056</b>	<b>-</b>	<b>7,088</b>	<b>86,531</b>	<b>-</b>	<b>9,429,154</b>
<b>Operating expenses</b>											
Salaries, benefits and payroll tax	755,320	96,229	27,818	3,653	-	-	97,735	-	-	-	980,755
Professional services	85,348	-	-	-	-	-	-	-	-	-	85,348
Advertising and promotion	24,897	-	-	-	-	-	12,870	-	-	1,000	38,766
Product development	5,215	10,500	25,709	-	10,296	64,783	-	532	13,500	-	130,534
Office expenses	44,001	-	-	-	108	15	-	-	-	-	44,124
Rent	12,552	-	-	-	-	-	-	-	-	-	12,552
Insurance	14,281	-	-	-	-	-	-	-	-	-	14,281
Bad debt expense	288,889	-	-	-	-	-	-	-	-	-	288,889
<b>Total operating expenses</b>	<b>1,230,502</b>	<b>106,729</b>	<b>53,527</b>	<b>3,653</b>	<b>10,403</b>	<b>64,798</b>	<b>110,605</b>	<b>532</b>	<b>13,500</b>	<b>1,000</b>	<b>1,595,250</b>
<b>Change in net assets from operations</b>	<b>(958,704)</b>	<b>27,516</b>	<b>3,042</b>	<b>(735)</b>	<b>28,546</b>	<b>8,766,258</b>	<b>(110,605)</b>	<b>6,556</b>	<b>73,031</b>	<b>(1,000)</b>	<b>7,833,904</b>
Net assets, beginning of year											17,610,235
<b>Net assets, end of year</b>											<b>\$ 25,444,139</b>

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

# Montgomery County Green Bank Corporation

## Supplementary Information

**Montgomery County Green Bank Corporation**  
**Statement of Financial Position by Restriction**  
As of February 28, 2023

	Without Donor Restriction	With Donor Restrictions	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 14,997,801	\$ 4,406,073	\$ 19,403,874
Restricted Cash - Loss Reserves	-	648,812	648,812
<b>Total Bank Accounts</b>	<b>14,997,801</b>	<b>5,054,885</b>	<b>20,052,686</b>
Accounts Receivable	400	-	400
Accrued Interest Receivable	2,157	-	2,157
<b>Other Current Assets</b>			
Restricted Cash - Revolving Fund	6,285,374	-	6,285,374
Small Business Loan Portfolio, Net	55,806	-	55,806
Program Loan Receivable, Net	3,994,227	1,536,230	5,530,457
Prepaid Insurance	10,168	-	10,168
<b>Total Current Assets</b>	<b>25,345,933</b>	<b>6,591,115</b>	<b>31,937,048</b>
<b>Other Assets</b>			
Other Assets	1,886	-	1,886
<b>Total Other Assets</b>	<b>1,886</b>	<b>-</b>	<b>1,886</b>
<b>Total Assets</b>	<b>\$ 25,347,819</b>	<b>\$ 6,591,115</b>	<b>\$ 31,938,934</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Other Current Liabilities</b>			
Accounts Payable	\$ 34,373	\$ -	\$ 34,373
Credit Card x0885	3,941	-	3,941
Accrued Expenses	-	-	-
Vacation Accrual	60,609	-	60,609
FSA Medical	5,498	-	5,498
<b>Total Current Liabilities</b>	<b>104,420</b>	<b>-</b>	<b>104,420</b>
<b>Long Term Liabilities</b>			
Funds held for program liability	105,000	-	105,000
Funds held on behalf of County - revolving	6,285,374	-	6,285,374
<b>Total Long Term Liabilites</b>	<b>6,390,374</b>	<b>-</b>	<b>6,390,374</b>
<b>Total Liabilities</b>	<b>6,494,794</b>	<b>-</b>	<b>6,494,794</b>
<b>NET POSITION</b>			
Unrestricted Net Position	18,853,024	-	18,853,024
Temporarily Restricted Position	-	6,591,115	6,591,115
<b>Total Net Position</b>	<b>18,853,024</b>	<b>6,591,115</b>	<b>25,444,139</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 25,347,819</b>	<b>\$ 6,591,115</b>	<b>\$ 31,938,934</b>

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

**Montgomery County Green Bank**  
**Budget vs. Actuals: FY23 Budget - FY23 P&L Classes**  
 July 2022 - February 2023

	Actual	Budget	Total over Budget	% of Budget
<b>Income</b>				
400000 Grants & Contributions			0.00	
400100 Foundation Grants	2,901.58	35,000.00	-32,098.42	8.29%
<b>Total 400000 Grants &amp; Contributions</b>	<b>2,901.58</b>	<b>35,000.00</b>	<b>-32,098.42</b>	<b>8.29%</b>
415100 Energy Tax Credit Revenue	8,831,055.60	18,600,000.00	-9,768,944.40	47.48%
430000 Reimbursement Income			0.00	
430200 Task 2-4A - General	75,358.02	95,000.00	-19,641.98	79.32%
430203 Task 2-4A CPACE Marketing		85,850.00	-85,850.00	0.00%
<b>Total 430200 Task 2-4A - General</b>	<b>75,358.02</b>	<b>180,850.00</b>	<b>-105,491.98</b>	<b>41.67%</b>
<b>Total 430000 Reimbursement Income</b>	<b>75,358.02</b>	<b>180,850.00</b>	<b>-105,491.98</b>	<b>41.67%</b>
440010 PSC EmPower CEA Buydown		105,000.00	-105,000.00	0.00%
440020 PSC EmPower CEA LR funds		91,500.00	-91,500.00	0.00%
45000 Sponsorship Revenue		2,500.00	-2,500.00	0.00%
<b>Earned Income</b>			<b>0.00</b>	
420000 Program Revenue			0.00	
420405 Program Revenue - Empower CEA	56,569.32	75,200.00	-18,630.68	75.23%
420500 Program Revenues - Fees and Loan Interest			0.00	
420501 Transaction Fees	17,177.74	387,000.00	-369,822.26	4.44%
420502 Interest Income	19,750.34	293,695.00	-273,944.66	6.72%
<b>Total 420500 Program Revenues - Fees and Loan Interest</b>	<b>36,928.08</b>	<b>680,695.00</b>	<b>-643,766.92</b>	<b>5.43%</b>
<b>Total 420000 Program Revenue</b>	<b>93,497.40</b>	<b>755,895.00</b>	<b>-662,397.60</b>	<b>12.37%</b>
420575 Green Sustainability Fund -Marketing - Task 2 to 4A	35,453.26	42,750.00	-7,296.74	82.93%
420576 Green Sustainability Fund - Deployment - Task 2-4	109,964.67	198,000.00	-88,035.33	55.54%
420580 Service/Fee Income	2,880.92	2,000.00	880.92	144.05%
420585 Loan Origination Fees	25,000.00	0.00	25,000.00	
420600 Interest and Dividend Income		0.00	0.00	
420605 Interest Income	253,042.41	117,500.00	135,542.41	215.36%
<b>Total 420600 Interest and Dividend Income</b>	<b>253,042.41</b>	<b>117,500.00</b>	<b>135,542.41</b>	<b>215.36%</b>
<b>Total Earned Income</b>	<b>519,838.66</b>	<b>1,116,145.00</b>	<b>-596,306.34</b>	<b>46.57%</b>
<b>Total Income</b>	<b>9,429,153.86</b>	<b>20,130,995.00</b>	<b>-10,701,841.14</b>	<b>46.84%</b>
<b>Gross Profit</b>	<b>9,429,153.86</b>	<b>20,130,995.00</b>	<b>-10,701,841.14</b>	<b>46.84%</b>
<b>Expenses</b>				
500100 Compensation and Payroll taxes	860,357.72	1,537,650.00	-677,292.28	55.95%
500140 Salary Adjustment Pool		75,883.00	-75,883.00	0.00%
500145 Production Incentive Pool		154,960.00	-154,960.00	0.00%
<b>Total 500100 Compensation and Payroll taxes</b>	<b>860,357.72</b>	<b>1,768,493.00</b>	<b>-908,135.28</b>	<b>48.65%</b>
500150 Benefits	101,541.55	437,123.00	-335,581.45	23.23%
500175 Recruitment	18,856.00	100,000.00	-81,144.00	18.86%
500200 Office/General Administrative Expenses			0.00	
500210 Insurance	14,280.88	21,000.00	-6,719.12	68.00%
500220 Rent/Utilites	12,552.00	18,000.00	-5,448.00	69.73%
500221 Bank Charges	1,431.62	0.00	1,431.62	
500230 IT/Phone	2,319.76	7,200.00	-4,880.24	32.22%
500235 Accounting Software	684.90	2,700.00	-2,015.10	25.37%
500240 Office Supplies	28,833.27	14,400.00	14,433.27	200.23%
500250 Training/Subscriptions/ Conferences	2,942.13	9,600.00	-6,657.87	30.65%
500260 Staff Travel/ Meetings	1,556.15	5,000.00	-3,443.85	31.12%
500270 Board Travel/ Meetings		4,000.00	-4,000.00	0.00%
500280 HR Administration	5,082.36	7,000.00	-1,917.64	72.61%
500290 Other	1,273.87	1,500.00	-226.13	84.92%
<b>Total 500200 Office/General Administrative Expenses</b>	<b>70,956.94</b>	<b>90,400.00</b>	<b>-19,443.06</b>	<b>78.49%</b>
500300 Professional Services			0.00	
500320 Legal - General Counsel	9,000.00	18,000.00	-9,000.00	50.00%
500330 Auditor	21,000.00	23,000.00	-2,000.00	91.30%
500360 CIF Technical Assistance (deleted)	0.00	0.00	0.00	
500370 Accountant	37,294.20	54,000.00	-16,705.80	69.06%
500371 401K Advisory	4,023.25	0.00	4,023.25	
500372 Insurance Consultant	2,000.00	0.00	2,000.00	

**Montgomery County Green Bank**  
**Budget vs. Actuals: FY23 Budget - FY23 P&L Classes**  
July 2022 - February 2023

	Actual	Budget	Total over Budget	% of Budget
500380 Information Technology	12,030.50	33,000.00	-20,969.50	36.46%
500390 Contract CFO		60,000.00	-60,000.00	0.00%
<b>Total 500300 Professional Services</b>	<b>85,347.95</b>	<b>188,000.00</b>	<b>-102,652.05</b>	<b>45.40%</b>
500400 Marketing/ Communications			0.00	
500415 Marketing and Advertising (incl CPACE)	12,834.54	175,000.00	-162,165.46	7.33%
500417 Community Engagement	900.00	0.00	900.00	
500420 Website Development and Design	1,044.00	7,500.00	-6,456.00	13.92%
500430 Web Services/ Hosting/ Content Managment	3,053.98	1,500.00	1,553.98	203.60%
500440 Collateral/ Printing	2,959.41	5,000.00	-2,040.59	59.19%
500450 Outreach/ Events/ Conferences	15,679.22	15,000.00	679.22	104.53%
500460 Other	2,295.00	7,500.00	-5,205.00	30.60%
<b>Total 500400 Marketing/ Communications</b>	<b>38,766.15</b>	<b>211,500.00</b>	<b>-172,733.85</b>	<b>18.33%</b>
500500 Program Operations Software			0.00	
500520 Portfolio Management	3,369.88	3,600.00	-230.12	93.61%
500525 Servicing Fees (deleted)	0.00	0.00	0.00	
500540 Dashboard Development	225.00	11,400.00	-11,175.00	1.97%
500545 CRM Database		15,000.00	-15,000.00	0.00%
500550 Other Expenses		5,000.00	-5,000.00	0.00%
<b>Total 500500 Program Operations Software</b>	<b>3,594.88</b>	<b>35,000.00</b>	<b>-31,405.12</b>	<b>10.27%</b>
500700 Product Development - CIF Funded			0.00	
500720 Product Development - Technical Assistance	0.00		0.00	
<b>Total 500700 Product Development - CIF Funded</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
500800 Product Development Investment Task1			0.00	
500820 Technical Assistance	0.00		0.00	
500850 Transaction Consultant	0.00		0.00	
<b>Total 500800 Product Development Investment Task1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
500900 Programmatic Expenses			0.00	
500910 Product Marketing Consultant	0.00		0.00	
500920 Product Development & Marketing	10,120.00	70,000.00	-59,880.00	14.46%
500921 Comm Solar PPA	0.00	0.00	0.00	
500923 Technical Assistance	70,283.10	800,000.00	-729,716.90	8.79%
500924 Transaction Related	20,527.22	40,000.00	-19,472.78	51.32%
500927 Energy Tax Buydown		1,790,000.00	-1,790,000.00	0.00%
500929 SREC Payments		75,000.00	-75,000.00	0.00%
500935 Equity Outreach		250,000.00	-250,000.00	0.00%
500970 Other (incl servicing exp for CPACE)	300.00	52,500.00	-52,200.00	0.57%
<b>Total 500900 Programmatic Expenses</b>	<b>101,230.32</b>	<b>3,077,500.00</b>	<b>-2,976,269.68</b>	<b>3.29%</b>
502010 PSC EmPower Buydown	12,951.25	105,000.00	-92,048.75	12.33%
502030 PSC EmPower CEA Admin costs	12,757.85	100,800.00	-88,042.15	12.66%
<b>Total Expenses</b>	<b>1,306,360.61</b>	<b>6,113,816.00</b>	<b>-4,807,455.39</b>	<b>21.37%</b>
<b>Net Operating Income</b>	<b>8,122,793.25</b>	<b>14,017,179.00</b>	<b>-5,894,385.75</b>	<b>57.95%</b>
<b>Other Expenses</b>				
500285 Bad Debt Expense	288,889.15		288,889.15	
<b>Total Other Expenses</b>	<b>288,889.15</b>	<b>0.00</b>	<b>288,889.15</b>	
<b>Net Other Income</b>	<b>-288,889.15</b>	<b>0.00</b>	<b>-288,889.15</b>	
<b>Net Income</b>	<b>7,833,904.10</b>	<b>14,017,179.00</b>	<b>-6,183,274.90</b>	<b>55.89%</b>
<b>Net assets, beginning of year</b>	<b>17,610,235.00</b>			
<b>Net assets, end of year</b>	<b>25,444,139.10</b>			

**Montgomery County Green Bank Corporation**  
**Net Assets With Donor Restrictions**  
As of February 28, 2023

	Balance July 1, 2022	Addition	Release	Balance February 28, 2023
<b>Montgomery County Contract</b>				
MC I, II, III	\$ 287,852	\$ -	\$ -	\$ 287,852
Task 3	1,700,000	-	-	1,700,000
Task 4A	1,500,000	-	-	1,500,000
Task 4B	1,500,000	-	-	1,500,000
	<u>4,987,852</u>	-	-	<u>4,987,852</u>
<b>Energy Tax Credit</b>				
County Fuel Energy Tax Revenue-20%				
18A EEA(Equity Emphasis Areas)	-	1,766,211	(1,766,211)	-
County Fuel Energy Tax Revenue-15%				
<b>Property owners Energy Projects Cost</b>				
18A reduction	-	1,324,658	(233,005)	1,091,653
	-	<u>3,090,869</u>	<u>(1,999,216)</u>	<u>1,091,653</u>
<b>Grant for homeowner power efficiency program</b>				
Washington Gas Light WGL	30,795	-	-	30,795
Baltimore Gas and Electric	25,771	-	(6,925)	18,846
Pepco	36,205	-	-	36,205
Potomac Edison (PE)	11,591	-	-	11,591
	<u>104,362</u>	-	<u>(6,925)</u>	<u>97,437</u>
<b>General Motor</b>				
EV Chargers for Affordable Housing	235,000	-	(24,053)	210,947
<b>Grant for solar program</b>				
TCIII	312,914	-	(109,688)	203,226
	<u>\$ 5,640,128</u>	<u>\$ 3,090,869</u>	<u>\$ (2,139,882)</u>	<u>\$ 6,591,115</u>

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





*The Montgomery County Green Bank's Vision is for a prospering, sustainable, and healthy Montgomery County where everyone participates in and benefits from clean energy and climate-resilient solutions.*

# Uses and Benefits of Fuel Energy Tax Funding

## Major Activity July–Dec 2022

*The new Fuel Energy Tax Funding allowed the Green Bank to create new financial structures with investment partners and to build in flexibilities in loans with borrowers to meet the project's needs, including more favorable terms and larger size of investments.*

### **Seneca Village 2.1 MW Solar PV and Energy Efficiency:**

The largest solar PV on a multifamily property in Maryland received the Green Bank's largest loan of \$5 million. This project encompassing a solar PV array and energy efficiency roof replacements is on a 684-unit affordable housing project in an Equity Emphasis Area and will result in the annual greenhouse gas elimination of 2,007 metric tons. In another new approach that benefits from the Energy Tax investment, the Green Bank is partnering with a CDFI and another green bank who will purchase about \$1.8 million of this \$5 million loan.

### **Berman Academy - Energy Efficiency:**

This project replaces aged air conditioning units with higher energy savings units generating annual reduction of 211 metric tons in greenhouse gas emissions and \$96,000 in annual energy savings for this nonprofit. The project was done in conjunction with City First Enterprises, a community development financial institution (CDFI).

### **Olney Professional Building - Energy Efficiency:**

This commercial office building is completing energy an energy efficiency improvement project using a new execution of Green Bank and Sandy Spring Bank where the Green Bank provides 49% of the funding. The project will result in the annual elimination of 36 metric tons in greenhouse gas emissions and \$6,800 in annual energy savings.

### **Three electric vehicle charging infrastructure projects.**

The Green Bank is supporting three multifamily properties with affordable units to deliver four EV chargers at each of the properties.

### **Technical Assistance Program**

Expanded program to help property owners that do not have the capacity or resources to understand and address the energy efficiency needs and opportunities for their properties. Building on its past work that supported 22 in technical assistance projects, the Green Bank used \$750,000 of the Funding to Reduce Costs to launch a more expansive technical assistance program in November 2022. The program creates jobs for contractors and builds a prospective pipeline of energy improvement projects. The Green Bank expects about 30 technical assistance projects to be supported.



## FY23 Uses of Fuel Energy Tax Funding as of December 2022

<b>FY23 County Budget Appropriation Amount:</b> (\$7.1 million received through January 2023)	\$18.6 million
<b>FY23 Transaction Uses Committed to Date:</b>	\$13.8 million
Number of Projects Funded	11
New Financial Partner Investment Agreements to Create Lending Capacity	2
<hr/>	
Funds Used to Reduce Cost to End Users (Target Use of \$2.79MM in FY23 = 15% of Energy Tax Funds)	\$1.4 million
<hr/>	
Funds Used in Projects in Equity Emphasis Areas (Target Use of \$3.72MM in FY23 = 20% of Energy Tax Funds)	\$5.05 million

The Montgomery County Green Bank'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 businesses.

## Overall Impact Numbers Through 2022



**Overall Capital Use:** \$25 million (\$13MM in Transactions; \$12MM supporting investment agreements)

**Overall Leverage Capacity:** Attracting \$1.5 more in private capital for each \$1 of MCGE capital. (52)



# 2022 ANNUAL REPORT

## ACCELERATING CLEAN ENERGY INVESTMENT AND IMPACT



*In 2022, the Green Bank accelerated its impact to the next level—in support of County goals. We achieved this by collaborating with partner organizations to make investments in renewable energy and energy efficiency improvements more accessible and affordable for all. As the first local green bank capitalized with local public funds, we lead by example, evidenced by the adoption of our programs statewide and beyond. Key to our progress is new annual funding from the County, intended to leverage double in additional private capital for clean energy and a healthier environment.*

*-Bonnie Norman, Board Chair*

*The Montgomery County Green Bank continued to demonstrate its value to the County in this past year with its support of \$25 million in clean energy projects that will annually mitigate over 4,000 metric tons of green house gas emissions - all key to supporting the County's goal to reduce emissions 80% by 2027 and 100% by 2035. In particular, the Green Bank has shown how to support solar panels for a diversity of users, including faith-based institutions, affordable housing properties, condominiums, and community solar, and those commitments have delivered 3.8 mW of new solar PV in the County.*



*-Marc Elrich, County Executive*



*Growth was the key in 2022. The County grew its commitment to the Green Bank with an annual budget commitment of 10% of the fuel energy tax which creates huge avenues for growing our leveraged investments in the County. The Green Bank grew its partnerships with financial partners and the contractor community as well as its technical assistance for project development. The Green Bank grew its outreach and education to the community with more webinars, in-person meetings, and online resources. And the Green Bank grew its staff to a total of 13 people focused on delivering clean energy outcomes for the County and the community.*

*-Tom Deyo, CEO*

### SENECA VILLAGE: LARGEST ROOFTOP SOLAR PROJECT ON A MULTIFAMILY PROPERTY IN THE COUNTY



***\$5 million investment on a 2.1 MW rooftop solar PV installation and energy efficiency roof replacement project on a 684 unit affordable multifamily property in the county.***

***This investment is the Green Bank's first investment in an Equity Emphasis Area using the funds from the Fuel Energy Tax.***

***Working in partnership with NYCEEC and Virginia Community Capital, the Green Bank completed this investment with Orlo Management on the \$13 million project. (53)***

# 2022 MAJOR MILESTONES

## ALIGNMENT WITH COUNTY GOALS

- **Clean Energy:** Delivering 3.4 MW of solar PV installations including two community solar projects. Solar PV projects involve four faith-based organizations, two affordable rental owners, a nonprofit, and five homeowners.
- **Buildings:** Supported over \$10 million in clean energy projects with \$225,000 in annual energy savings in 25 transactions using Commercial Solar PPA, Small Business Energy Savings Support, CEA, and debt.
- **Transportation:** Launched program in October to install EV chargers at 6 affordable rental housing properties with a \$250,000 grant from General Motors. To date 2 properties installing 4 EV chargers are in the program.
- **Climate Adaption:** Growing understanding through technical assistance (TA) given to 8 condos, 4 commercial, and 4 affordable rental properties to identify and offer plans for energy savings retrofit opportunities. Major new TA program launched in December.

## ADDRESSING EQUITY IN THE MARKETPLACE

- **LMI homeowners:** Using multiple techniques, designed the Access Solar financing program to help low- and moderate-income households install solar PV. The program has two options: a subsidy for use with a purchase and a no out-of-pocket option for rental.
- **Growing the market:** Based on a collaboration with Interfaith Power & Light on solar PV installations, working with a diverse group of 40 faith-based organizations and have 5 installations underway.
- **Affordable housing:** Supported portfolio assessments and promoted regulatory changes to make solar PV more accessible to affordable common ownership communities and rental properties.

## PROVIDING STRATEGIC ASSISTANCE

- Building on past work in the last few years to support 22 in technical assistance projects, the Green Bank launched a much more expansive Technical Assistance (TA) program in November 2022 that creates jobs for contractors and builds a prospective pipeline of energy improvement projects. The Green Bank expects 30 TA projects to be supported in this coming year.

## CONDUCTING OUTREACH TO THE COMMUNITY

- **Building knowledge:** Participated in more than 120 meetings and webinars to a diverse set of audiences to educate on energy efficiency, solar, and Green Bank financing options.
- **Making the case:** Demonstrated Green Bank contributions through 23 specific case studies and new promotional video on community solar on re-launched website.
- **Building momentum:** Leveraged daily social media, two monthly newsletters, press releases, and targeted project closing notices to build brand reputation and understanding of Green Bank benefits.

*Portfolio as of  
December 2022*

**\$31.7 MM**

*in project value*

**46** *unique transactions:  
27 homeowners  
19 commercial*

**1,540**  
*total households supported*

**1,207**  
*low- and moderate-income  
qualified homes benefiting*

**1,131**  
*multifamily homes*

**5,299**  
*metric tons in annual  
greenhouse gas reductions*

**3,832**  
*kW of solar PV installed*

## *Highlights from our 120 Outreach Events*



# KEY ACTIONS FOR THE YEAR

## CRAFTING MORE OPTIONS FOR CLEER



8101 Connecticut Avenue Condominiums

- Added a debt participation feature to Commercial Loan for Energy Efficiency and Renewable (CLEER)
- 4 projects completed using CLEER and / or participating debt supporting \$9.8 million in project costs

*"The Green Bank's participation in the loan, which supplied 48% of the financing for these projects, allowed us to proceed on all three projects in a timely fashion, rather than having to stagger them out over a 5 to 6 year period. We truly appreciate our relationship with the Green Bank."*

*-Michael Flynn, 8101 Connecticut Avenue Condominiums*

## TURNING CLEAN ENERGY ADVANTAGE (CEA) INTO A STATEWIDE PROGRAM



- Worked with Maryland Clean Energy Center and six utilities to make this homeowner energy efficiency program a statewide program using EmPOWER funding.
- 19 homeowners in Montgomery County have used the program since launch in June 2022.

*"The collaboration with the Montgomery County Green Bank was fundamental in bringing this program to market and make it an effective financing tool for homeowners throughout the state."*

*-Kathy Magruder, Maryland Clean Energy Center*

## CREATING MORE FLEXIBILITY AND UTILITY IN SMALL BUSINESS ENERGY SAVINGS PROGRAM



Melvin J. Berman Hebrew Academy

- Launched a second partnership with City First Enterprises to bring more flexibility to lending in the County.
- 2 projects supported for \$3.7 million in project costs.

*"The partnership with the Green Bank has shown how combining resources and talents can achieve significant new and innovative financing for commercial property owners in the County."*

*-Oswaldo Acosta, City First Enterprises*

## BUILDING THE VALUE PROPOSITION OF THE COMMERCIAL SOLAR POWER PURCHASE AGREEMENT



Housing Unlimited

- Delivered 500 kW in solar arrays ranging from 20 kW to 142 kW.
- Closed \$1.6 million in 6 no out-of-pocket projects with faith-based and affordable housing owners.

*"As we enter a second year of partnership with the Green Bank, walking dozens of congregations through the process of going solar, I want every congregation in the county to know that there's never been a better moment to go solar at no upfront cost."*

*-Joelle Novey, Interfaith Power and Light (Dc., MD, VA)*

## MEETING MARKET NEEDS AND LEVERAGING NEW RESOURCES WITH TAILORED FINANCING



Paddington Square

- Designed innovative lending structures to work with the challenges of other financing and needs of project.
- Created new lending relationships through selling a portion of \$5 million loan originated by the Green Bank.

*"The Green Bank team worked extensively with us to understand our project financing needs and the resources needed to fit within our existing financing, and delivered key funding for our major clean energy project."*

*-Aaron Orlofsky, Orlo*

## ACHIEVING MORE COMMUNITY SOLAR IN THE COUNTY



- Created new lending facility to help property owners to offer to their constituents.
- Supporting 685 kW of community solar projects with 2 more in the works.

*"By working with the green bank, we're not only able to put solar on the roof, but we're going to be putting in a community solar project so that members of our congregation and others, as well as the church will be getting a discount to help with their energy needs."*

*-Mark Eakin, Warner Memorial Presbyterian Church*

## MEET THE GREEN BANK TEAM

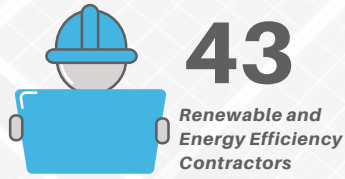


[Learn more about the Green Bank team.](#)

## FINANCIAL STRENGTH

FY 2022	(in 000s)
<b>Assets</b>	\$24,128
<b>Liabilities</b>	
Funds Held On Behalf of County for Energy Projects	\$6,285
<b>Total Liabilities</b>	\$6,518
<b>Net Assets</b>	
Without Donor Restrictions	\$11,970
With Donor Restrictions	\$5,640
<b>Total Net Assets</b>	\$17,160
<b>Total Liabilities and Net Assets</b>	\$24,128

## RECOGNIZING AND APPRECIATING OUR PARTNERS



## MEET THE GREEN BANK BOARD



[Learn more about the Green Bank Board.](#)

*The Montgomery County Green Bank'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 businesses.*