



2020 Performance Oversight Questions ***Green Finance Authority Board***

1. Please provide a list of the Green Finance Authority Board's current members, including its ex officio members from the District government. For each member, please provide the following:
 - The member's name.
 - The Ward in which they reside (not necessary for ex officio members).
 - The agency or organization the member represents.
 - When the member's term expires.
 - Attendance record for all official Board meetings.

Please refer to Attachment Q1_DCGFA_Board Roster

2. Where the Board has subcommittees or working groups, please provide a list of all subcommittees, including membership, and details on each subcommittee's focus.
 - Are there issues not encompassed in the current working group topics that the Board would like to work on?

Committees of the Board

The District of Columbia Green Finance Authority (DCGFA) Board of Directors was confirmed on July 9, 2019 and was sworn in at the first Board Meeting on July 25, 2019. At that meeting, the Board established the following committees, each with a specific focus on operations and development of necessary organizational infrastructure. As the organization matures, the committees will evolve their focus as detailed below.

Executive Committee

Members:

Brandi Colander (Chair)
Tommy Wells (Vice-Chair)
Edward Hubbard (Secretary)

The Executive committee has executive authority for matters that do not need approval from the full board of directors. During the start-up period, this includes administrative matters that would be executed by the Executive Director, prior to their appointment. Example responsibilities include treasury management, contract language approval and execution (after Board vote), and development of standard operational procedures.

Governance Committee

Members:

Edward Hubbard (Chair)
Brandi Colander
Hannah Hawkins
Tommy Wells

The Governance Committee shall take the lead on refining the Bylaws, Standard Operating Procedures, Communications Outreach Plan, and business operational decisions, such as insurance, human resources/payroll, accounting, legal needs and the budget. This group will be a subgroup of the full Board, composed of Board members, staff, and consultants (as needed) with the intent to provide recommendations on subject specific matters to be reviewed by and voted on by the full Board.

Finance Committee

Members:

Bruno Fernandes (Chair)
Jonathan Kayne
Sarosh Olpadwala
Todd Monash
Hannah Hawkins

The Finance Committee shall take the lead on refining the terms and conditions for initial financial offerings to the market. The group will work with consultants and guide negotiations with lenders to finalize lending terms, origination and servicing structures, underwriting criteria, and guidance to make products attractive for secondary markets. Until executive leadership is in place, this committee will work with staff to monitor and execute financial matters, including investment, coordination with OCFO staff, and contractual matters. This group will be a subgroup of the full Board, composed of Board members, staff, and consultants (as needed) with the intent to provide recommendations on subject specific matters to be reviewed by and voted on by the full Board.

Human Resources (HR) Committee

Members:

Ricardo Nogueira (Chair)
Brandi Colander
Priya Jayachandran
Tommy Wells

The HR Committee shall take the lead on the recruitment and selection of the Executive Director, including recruitment strategy, job descriptions, and initial compensation, payroll, and benefit structures. This group will be a sub-group of the full Board, composed of Board members, staff, and consultants (as needed) with the intent to provide recommendations on subject specific matters to be reviewed by and voted on by the full Board. After hiring an Executive Director, this committee may be asked to continue working on recruitment of other executive staff in coordination with the Executive Director.

Special Committee on Sustainable Program Cooperation

The Committee shall, at minimum, consist of the following members:

- at least one voting member of the Board;
- the Director of the Department of Energy and Environment, or the Director’s designee; and
- the Managing Director of the Sustainable Energy Utility, or the Managing Director’s designee.

The Special Committee on Sustainable Program Cooperation shall advise the Board and Authority on the design and implementation of the Authority’s sustainable projects and programs to ensure that they are in alignment with and complementary to the sustainable projects and programs run by the Department, other District agencies, and the DC Sustainable Energy Utility (DCSEU).

This committee will be established in FY2020 after executive leadership has been hired.

Future Committee Responsibilities

After the GFA’s early start-up phase, committees are expected to evolve to provide support for GFA staff.

3. Please provide a list of the Board’s meeting dates, times, and locations for FY 2019 and FY 2020 to date.
 - Please provide the Board’s meeting schedule for the remainder of FY 2020.

FY 2019 Meetings

<u>Meeting No.</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
FY 2019			
1	July 25, 2019	2:30pm – 4:30pm	Natural Resources Defense Council (NRDC) 1152 15 th Street, NW
2	August 14, 2019	2:30pm – 4:30pm	Department of Energy & Environment (DOEE) 1200 First Street, NE
3	September 23, 2019	2:30pm – 4:30pm	American Geophysical Union (AGU) 2000 Florida Ave. NW
FY 2020			
4	October 23, 2019	2:30pm – 4:30pm	Department of Energy & Environment (DOEE) 1200 First Street, NE
5	December 5, 2019	2:30pm – 4:30pm	Natural Resources Defense Council (NRDC) 1152 15 th Street, NW

Planned Meetings			
	January 23, 2020	2:30pm – 4:30pm	TBD
	February 27, 2020	2:30pm – 4:30pm	TBD

	March 26, 2020	2:30pm – 4:30pm	TBD
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Meetings have been held approximately monthly during the organization’s start-up period. A regular schedule of meetings held on the fourth Thursday of each month is planned beginning in January 2020. Once executive staff is in place, the meeting schedule may be adjusted to bi-monthly, or as needed, with a minimum of six meetings held annually, per the Green Finance Authority Establishment Act of 2018.

4. Please provide an update on the Board’s progress in hiring staff to administer the Green Finance Authority, including hiring of the Bank’s Executive Director.

The Department of Energy and Environment (DOEE), as the sponsoring agency for the Green Finance Authority Establishment Act of 2018, was responsible for the development of organizational documents, which could be executed by the Board of Directors, once they were approved. DOEE staff worked in collaboration with Harcourt, Brown, and Carey, the recipient of a [competitive grant solicitation](#), to develop drafts of Bylaws, Standard Operating Procedures, training materials, proposed financial products, a staffing plan, and other organizational and foundational documents. These efforts allowed the Board of Directors to quickly organize and finalize the operational framework.

The Draft Staffing Plan was distributed to the Board on July 27th and a final job description for the Executive Director was developed over the next few months.

***Please refer to Attachment Q4a_DCGFA_Draft Staffing Plan
Please refer to Attachment Q4b_DCGFA_CEO Job Description***

The recruitment was made live on the DC Green Finance Authority’s [website](#) on November 20, 2019 and has a closing date of January 10, 2020. The recruitment has been highlighted through local professional networks, including US Green Building Council National Capital Region (USGBC-NCR), Urban Land Institute (ULI), DC Chapter American Institute of Architects (AIA|DC), Housing Association of Non-profit Developers (HAND), Mayor Bowser’s weekly newsletter, the Coalition for Green Capital, American Green Bank Consortium, and others. It has also been advertised on LinkedIn and Indeed. The recruitment has received a strong response, and we will be interviewing and reviewing applicants in FY 2020 Q1 and anticipate hiring a talented Executive Director/CEO in FY 2020 Q3.

The executive recruiting firm, Dylan Green, was hired through a [competitive request for proposal](#) process to support the Board with the recruitment of an Executive Director/CEO for the Green Bank.

5. Did the Board receive funds in FY 2019 and/or FY 2020, to date? If so, please provide the following:

- The amount of the funding.
- The source of the funding.
- A list of all expenditures.
- A description of how these funds furthered the Board's mission.

The Board and DOEE staff worked with the Office of the Chief Financial Officer (OCFO) to establish banking services and transfer legislated funds to the organization at the beginning of FY 2020. On October 2, 2019, \$7MM allocated for FY 2018 and \$7MM allocated for FY 2020 of Renewable Energy Development Funds (REDF) were transferred to a Wells Fargo corporate bank account. Additional transfers are expected according to the attached capitalization schedule.

Please refer to Attachment Q5a_DCGFA_Capitalization Plan

Note, the Clean Energy Omnibus Act of 2019 amended the timeline for reporting REDF funds and no funds were certified in FY 2019. As a result, the GFA Board of Directors will be asking for a legislative amendment in the Budget Support Act so that funds allocated in FY 2019 will be transferred to the GFA in FY 2023 to meet the total amount of \$35MM allocated from the REDF.

To date, expenditures from the Green Finance Authority Fund have been limited to early start-up needs. A draft budget, including FY 2019 and FY 2020 expenditures to date is attached.

Please refer to Attachment Q5b_DCGFA_Budget

6. Did the Green Finance Authority apply for any grant funding in FY 2019 and FY 2020, to date? If so, please describe the grant, whether or not it was received, and how it will be used.

DOEE applied for the Department of Energy (DOE) solicitation *DE-FOA-0002064: Solar Energy Technologies Office Fiscal Year 2019 Funding Program* on behalf of the DC GFA in FY 2019, submitting both individually, and part of a team led by National Renewable Energy Lab (NREL). On May 14th, 2019, DOEE submitted an abstract for a project titled, *Advancing and Scaling Solar Financing in DC*. The intent of the project was to use DOE funding to develop solar and energy efficiency financing programs specifically tailored for affordable housing development. Since this work was intended to occur regardless of the grant award, the funding would be used to add capacity and technical resources, for a scalable, replicable finance program. On June 21, 2019, DOE provided a response to the abstract which discouraged furthering the application on the grounds that the programs would have limited application nationally given the District's already established leadership in energy and solar finance.

In addition to the abstract, the DC GFA was included as a partner on an application submitted by NREL. Their application received only partial support from DOE. They opted to award funds for innovative product development, but are not funding the portion of the project that would make financial products applicable to green banks. As a result, no financial support would be provided to the DC GFA, but we intend to continue informal collaboration with NREL.

Although these grant projects were not funded, the GFA will continue to explore grant opportunities to add capacity, and remains committed to developing financial products and programs that will support affordable housing.

7. When does the Board anticipate the Green Bank will be prepared to begin offering funding to support eligible projects and programs?
 - Are there any barriers delaying launch of the Bank? If so, what are those barriers, and how does the Board intend to overcome them?
 - What support does the Bank need from the Council or Executive to overcome these barriers?

The GFA Board of Directors believes that the organization will be well positioned to offer initial finance products in winter 2020. In order to guarantee long-term success and sustainability of the GFA, it has been critical to take the necessary time to develop the foundation, infrastructure, education, and relationships to support our clients. This is the approach mirrored by other Green Banks across the country, using the first year as their startup phase to build capacity, onboard necessary expertise and determine the best products for their customers and respective region.

Building on the initial efforts and foundational documents developed by DOEE in consultation with grantee, Harcourt, Brown & Carey, the GFA is on strong and solid footing as we recruit for executive leadership. Some highlights of this progress and our work plan for continued progress are included below.

- Bylaws and procurement policy were passed in the first two months of activity;
- The organization is legally registered and has received our tax exemption certificate;
- We have procured insurance, legal representation, and hired a communications consultant to develop a branding and communications plan;
- The recruitment for a CEO/Executive Director closes January 10, 2020;
- Draft foundational documents including a staffing plan, communication and outreach plan, FY 2020 budget, and reporting templates have been developed for review by the board and executive staff as capacity is built;
- Proposed finance products, term sheets and general conditions have been drafted and will be further developed by the Board in 2020, with input from stakeholders;

- An analysis and report has been developed that focuses on the best practices for integration and streamlining of the District's Property Assessed Clean Energy program (PACE);
- Presentations from national leaders on green banks and green finance, including Curtis Probst, Co-CEO of the New York City Energy Efficiency Corporation (NYCEEC), Mary Templeton, President of Michigan Saves, Matthew Brown, President of Harcourt, Brown and Carey (HBC), Bracken Hendricks, President of Urban Ingenuity, the District's PACE Administrator, and Alex Kragie, Executive Director of the American Green Bank Consortium, have been made to educate and social the Board of Directors to the efforts of similar institutions across the country; and
- A draft work plan has been developed with ambitious goals for bringing finance products to market by the end of the calendar year, 2020.

The most critical delay to the development of the GFA is capacity building. This is not unique based on outreach to other similar institutions. It simply takes time to get a board operational, build staff capacity and find alignment on mission and products. Fortunately, the GFA has resources, consultants and support from DOEE. Given that the GFA is an independent agency, we have worked with DOEE staff and consultants to harness the wealth of experiences from similar institutions to develop draft documents and information to support the board during this startup phase. With a complete board now in place, work is progressing steadily. Once GFA leadership is identified and in place, the GFA will continue to scale. Moving forward, the Board of Directors and GFA CEO/Executive Director will assess work products by the consultants, which include draft finance products, term sheets, and general conditions for consideration. These products include a residential whole-home retrofit loan, small business energy efficiency loan, a request for proposals that allows commercial developers and affordable housing owners to propose strategies for the GFA to add liquidity and credit enhancements to achieve higher-performance projects, gap or mezzanine financing for community solar projects, and a robust PACE program.

Over the next year, the GFA, will be reaching out to the community to develop and refine product offerings; build relationships with lenders, contractors, and developers; and integrate other best practices to increase investment in energy efficiency and clean energy finance, and help the District meet our greenhouse gas reduction goals.

Work Plan highlights:

July 2018	Green Bank legislation passes
Summer 2018 – Fall 2019	<p>DOEE staff and grant team led by Harcourt, Brown & Carey develop draft organizational documents and draft financial products.</p> <p>Draft products include:</p> <ul style="list-style-type: none"> - Residential whole-home energy retrofit loan - Small business energy efficiency loan - Open RFP to provide credit enhancement and other financial support for commercial development projects (including affordable housing) - Gap (mezzanine) financing for community solar
July 2019	Majority of board members appointed and confirmed
Fall 2019	Board orientation, passage of Bylaws and other operational policies, organizational infrastructure in place Initial capitalization provided to the GFA
Winter 2019	Ongoing meetings with other Green Bank leadership Final Board member appointed and confirmed
January 2020	Executive recruitment support, legal counsel and communications consultants hired
Spring 2020	CEO/Executive Director hired
Spring – Summer 2020	Community outreach and feedback & integration of recommendations
	Evaluation of finance products
	Relationship development and negotiation with lending partners
	Initial outreach to commercial developers and identification of pilot projects
Fall 2020	Draft KPIs published for public comment
Winter 2020 – 2021	KPIs finalized
	RFP for commercial finance support released
	Standard finance products released for residential and commercial development

8. Please describe the Board's major goals for FY 2020 and the plan/timeline for completion.
 - Where the Board set major goals for FY 2019, please describe those goals and the degree to which they were achieved.

We expect that 2020 will mark a series of additional major milestones for the GFA. With the organizational infrastructure developed in 2019, we are on solid footing to launch strongly in 2020. Refer to the specific achievements and work plan highlights in question number 7.

Major goals set for FY 2019 included setting up banking services and receipt of initial capitalization, passing Bylaws and operational procedures, and development of foundational infrastructure to allow for successful and sustainable operation of the GFA. Appointment of the CEO/Executive Director will mark the culmination of this process and ability for the organization to move into implementation and outreach phase.

9. Please provide a copy of all official correspondence sent by the Board in FY 2019 and FY 2020 to date.

Q9a_DCGFA_Bylaws

Q9b_DCGFA_Procurement Policy

Q9c_DCGFA_One-Pager

Q9d_DCGFA_Resolution #19-01

Q9e_DCGFA_Tax Exemption Certificate

Meeting Minutes:

July 25, 2019 - https://dcgreenbank.org/wp-content/uploads/2019/10/20190725_Minutes-of-Board-Meeting-1.pdf

August 14, 2019 - https://dcgreenbank.org/wp-content/uploads/2019/10/20190814_Minutes-of-Board-Meeting-2.pdf

September 23, 2019 - https://dcgreenbank.org/wp-content/uploads/2019/11/20190923_Minutes-of-Board-Meeting-3.pdf

October 23, 2019 - https://dcgreenbank.org/wp-content/uploads/2019/12/20191023_Minutes-of-Board-Meeting-4.pdf

December 5, 2019 - https://dcgreenbank.org/wp-content/uploads/2019/12/20191210_Minutes-of-Board-Meeting-5_Draft.pdf

Requests for Proposals:

Outside Counsel and Legal Services - https://dcgreenbank.org/wp-content/uploads/2019/09/DCGB_LegalServices-RFP_.pdf

Communications Services - https://dcgreenbank.org/wp-content/uploads/2019/10/20191022_DC-Green-Bank_Communications_RFP.pdf

10. What current District laws and regulations related to the financing of green infrastructure have not yet been implemented fully or stand in the way of successful launching of the Green Bank?

Revising legislation to allow for multiyear appropriations, in turn allowing for loan loss reserve credit enhancements is currently being explored and may be key to the GFA's success. A loan-loss reserve product is the most common type of credit enhancement used by green banks nationally. A loan-loss reserve de-risks investments by guaranteeing losses so the private investor can add liquidity to a project through reduced interest rates. This results in increased investment by the private sector, because the green bank is able to establish a less risky market for investment in energy efficiency and clean energy.

With regard to green infrastructure and resilience, the GFA could develop programs to directly support these measures through the introduction of finance products and warehousing for neighborhood-scale infrastructure. Boston, for example, has been a leading city on these issues, requiring that all projects [consider present and future climate conditions](#) when assessing environmental impacts, and identify strategies to eliminate or reduce these impacts.

Green banks across the country are just beginning to explore these strategies, and green infrastructure finance would be considered a phase two product for the GFA. The GFA board and executive leadership will coordinate with executive agencies, including DMPED, OP3, DOEE, DDOT and OP, over the next 12-24 months to explore these programs, and their applicability in the District. Legislative and/or regulatory changes such as zoning overlay zones, support for district energy and distributed energy resources, and dedicated funding for resilient infrastructure would help develop market interest and a potential pipeline of project that may need financial support from the GFA. In addition, the GFA's current capitalization is directly connected to energy-related projects. Should the GFA wish to develop programs to fund green infrastructure, resilient design, or neighborhood-scale improvements, additional funding sources will need to be explored.

11. What national best practices in green financing does the Board believe should be implemented in the District?

The GFA is a participating member of the American Green Bank Consortium and coordinates closely with nationally leading green banks, including the New York City Energy Efficiency Corporation (NYCEEC), Connecticut Green Bank, Inclusive Prosperity Capital, Montgomery County Green Bank, and Michigan Saves. Executives from these organizations (as detailed in Q7 response) have been engaged

in advising the GFA Board on organizational development, governance, strategic planning, and development of financial programs. In addition, the GFA joined the Coalition for Green Capital and American Green Bank Consortium to support the introduction of national climate bank legislation in the House of Representatives. Legislation was introduced within the last few months (Sen Markey [bill](#) in Senate; Rep Dingell [bill](#) in the House).

12. Is the Board on track to submit its annual report to the Council and Mayor, pursuant to the Green Finance Authority's authorizing statute?

Given the deposit of capitalization funds to the Green Finance Authority in October 2019, no financial activity occurred in FY 2019. The GFA Board of Directors is on track to submit an annual report for FY 2020, and a draft report template has been completed. Per the enabling legislation, *§504 Public Records*, board meeting minutes and records and bylaws are published on the GFA's [website](#).