



Meeting Minutes: Minnesota Climate Innovation Finance Authority Board of Directors

Date: 06/18/2025

Minutes prepared by: Parisa Rostamkhani

Minutes approved on: 08/20/2025

Location: Minnesota Pollution Control Agency – Conference room 100 / Hybrid

Attendance:

- The meeting began at approximately 9:31 am
- Present: Kumar, Teiken, Nelmark, Haagenson, Benjamin, Kohlasch, Fowler, Warmuth, Wyckoff, Perushek, McKinnon, Mills
- Absent: Sultanova
- Benjamin left at 10:00 am and joined again at 10:40 am.

Approval of Agenda:

- Motion: Kumar, Second: Teiken
- Unanimous approval- roll call vote

Approval of May 21 Board Meeting Minutes:

- Motion: Haagenson, Second: McKinnon
- Motion to revise Conflict of Interest form section detailed in previous minutes:
- Nelmark, Second: Kumar
- Unanimous approval - roll call vote

Introduction of New Staff:

- Eric Horner introduced himself as the new CFO for MnCIFA. Eric Horner moved to Minnesota from Louisiana. Before joining MnCIFA, Eric joined the Department of Health Services as Director of Report and Forecast. Before that, he served as the CFO in Louisiana for the Department of Children and Family Services.
- Mo Schriener introduced herself as the new Director of Communications and Engagement. Mo came from Commerce, where she was the Director of External Affairs for the last four years. She worked for the U.S. Commerce Department at the Census Bureau.

Governance Committee Update:

- A governance committee consisting of Mills, Perushek, Kumar, and Kohlasch has been established. There has not been a first meeting yet. At the end of the August board meeting, there will be a shift to a closed section for personnel review prior to September 30th, which is when it is required to be finalized. There will be an August and

October meeting. The October meeting will hold the vote for chair and vice chair of the board.

Cost of Capital:

- Kari Groth Swan did an overview on the Interest Rate and Notching factors. This is required due to MnCIFA's capital stack becoming tighter with the federal funding freeze, the investment tax credits, and direct pay going away, and with the loan program office not being a partner with our projects.
 - Core Principles for Interest Rating Methodology:
 - Aligned to our statute and current public documents (lending manual, investment strategy, strategic plan).
 - Easy to understand, with goal of a high-level public facing explainer.
 - Standard process for updates.
 - Use Treasury Rates as our base.
 - Purpose of each rating:
 - Scoring Framework: scores projects against all MnCIFA's objectives, including non-financial.
 - Risk Rating: Determines MnCIFA financial risk.
 - Interest Rate: Prices MnCIFA risk
 - Pricing risk: construction, term, equity, position, and capital needs:
 - New construction loan (new buildings, manufacturing sites, long construction schedule. Does not include solar, partial renovations, efficiency installations)
 - Term longer than 10 years
 - Less than 20% equity
 - Subordinate position
 - Established technology with good alternative options for financing
 - Origination Fees:
 - MnCIFA will start charging origination fees.
 - Waiting for CFO to confirm MnCIFA budget, operating costs, and legal fees moving forward.
 - Starting with a \$10k base for projects less than \$1 million
 - Will develop a discount methodology for target communities and projects.

Review of Credit Memos:

- 30,000 Feet, LLC is seeking approval for a loan of \$750,000 for the purchase and installation of a geothermal renewable energy system and solar at its proposed facility located at 1351 Arcade Street, Saint Paul, MN. This not-for-profit entity. It has served over 2,000 youth in the East St. Paul neighborhoods through its programs.
 - Motion to authorize a \$750,000 loan to 30,000 Feet:
 - Motion: Teiken, Second: Haagenon
 - Unanimous approval – roll call vote
- Carba is seeking approval of up to a \$500,000 loan to Carba Inc. for their first pyrolysis reactor that will repurpose negative-value woody biomass from Waste Management's SetMN compost facility in Burnsville, Minnesota, with operations targeted to launch by Q4 2025. This is a collaboration between Waste Management of Minnesota and Carba, Inc. MnCIFA will only be involved in the first reactor of the project.

- **Discussion:**
 - Arpita went over the questions that were raised during the credit committee meeting. One question was whether this would make a change in the CO2 emissions, and Arpita stated that they believe it is significant in emission reductions, which the Microsoft contract will ensure. In terms of permits, Carba Inc. does fall under the Waste Management air permit, and will be sited there. They've been in touch with MPCA since 2022. The Environmental Quality Board (EQB) stated they wouldn't need an EIS or any additional studies to move forward at this time.
 - Wyckoff stated that this is a low-risk project and to potentially revisit the scoring framework as it applies to new technology.
- Motion to authorize a \$500,000 loan to Carba, Inc:
 - Motion: Haagenon, Second: Kumar
 - Abstain: Wyckoff and Kohlasch: Conflict of Interest
 - Unanimous approval – roll call vote

Quarterly Public Meeting Update:

- Mo Schriener went over the strategy for the Quarterly Public meeting on June 26th. There are tailored invitations to these meetings, with a focused purpose on developing and strengthening relationships with key holders while expanding MnCIFA's connection with potential clients. It is intended to move beyond a generic discussion and will be structured to have a strategic topic, speakers to present ideas, and then follow with a roundtable discussion, where input will then be brought back to the board. The topic for Quarter 2 will be a discussion of what happens with the changes for clean energy and how MnCIFA plans to move forward. The speakers will be:
 - Jeremy Kalin, who will discuss the current environment at the federal level.
 - Holly Huston will discuss the innovative financing that St. Paul Port Authority has in collaboration with MN Pace.
 - Buff Grace from Interfaith Light will discuss serving as an intermediary lender for projects when they are under the MnCIFA goal of \$250,000.

Executive Director Report:

- Kari Groth Swan gave an update on the building of the new website with the NightHawk contract secured.
- The next board meeting is August 20th at Local 563, followed by a closed meeting for personnel reviews, and then by Peter Klein's retirement party.
- Negotiations on a lease for MnCIFA's new location are getting finalized. There will be a temporary space, and a permanent space which will require a full design and build out.
- When the CFO and MNIT Project Manager start, they will begin work on the procurement of software systems for finance, lending, and portfolio management.
- 5 projects have been closed and funded: The Heights, Avenues of Youth, Renewable Energy Partners, Greater Minnesota Housing Fund, and 3561 Minnehaha. 6 projects are approved but not funded. These are going through the process of closing, which will total \$13.4 million. Today, we approved two projects for \$1.2 million. This means there is \$28 million of our \$105 million state money that is currently committed. Depending

on what happens with the investment tax credits, all loans will be reviewed for additional risk.

- The Senate Bill was released, and if it passes, this will effectively phase out credit for solar and wind projects by 2028. They are reducing the credit by 60% of the value for projects that commence construction in 2026. This means that instead of a 30% ITC, it's an 18% ITC. The Senate Bill also affects some depreciation around the accelerated cost recovery for clean energy projects placed in service after the date of enactment, which further restricts the investments of projects using these tax credits. The Senate Bill did not repeal Transferability and currently does not amend elective pay, but none of these provisions can be used in cases where the underlying credit is repealed.
- There is no update on the lawsuit. There is still a wait for the three-judge panel of the District Court of DC to rule. It is likely that it will go to the Supreme Court and a ruling could drag into the first quarter of 2026, at the earliest.
- Community outreach has been more limited this month. Kari interviewed with a Climate reporter for The New York Times on a potential story involving the background of Solar for Schools.

Other Business and Discussion for the Board:

- Teiken questioned if there will still be hiring in process with the uncertainty. Kari Groth Swan stated that the need to build a full staff is essential for efficiency and controls. Interviews are in process for the CIO, and additional loan officers and a Staff Attorney job descriptions are in the works.

Motion to Adjourn:

- Motion: Kumar, Second: Teiken
- Unanimous approval – roll call vote
- Meeting ended approximately 12:00 pm

Action Items:

- Conflict of Interest form to be filled out by Frank Kohlasch for the Carba, Inc. project.