



December 17, 2025 Board Meeting

AGENDA

- Welcome
- Intro to new staff
- Closed meeting portion
- Auditors report
- Credit committee
- Finance presentation
- Governance committee
- Executive Director's report
- Other business & discussion for board
- Adjourn



Investment Team

Arpita Bhattacharyya, Chief Investment Officer

Labor: Applicant Questions

Intake Form stage

Will the project pay prevailing wage*?

**MnCIFA statutory requirement*

Pre-Board Approval

Pre-Screening Memo

Applicant asked more detailed questions about:

- Right to unionize
- Apprenticeships
- Number of workers, including local workers
- Conversations with relevant unions

Applicants not aligning with MnCIFA's labor goals will receive resources & further due diligence.

Pre-Close

Depending on project details, answers to questions below will be a condition precedent to close:

- Number of prior electric generation facilities workers
- Number of Environmental Justice Community workers
- Prevailing wage rates used
- Use of PLAs (Project Labor Agreement)

Lending Manual: Timeline Update

Application Guidance (External)

Updated clear guidance by mid January on:

- Financing Programs
- Application Process
- Required Documents
- Rates
- Terms
- Conditions

Lending Policies and Procedures (Internal)

Full process document and internal procedures fully drafted by end of Q1 and continuously updated outlining:

- Detailed process and procedures
- Monitoring and portfolio management practices
- Controls

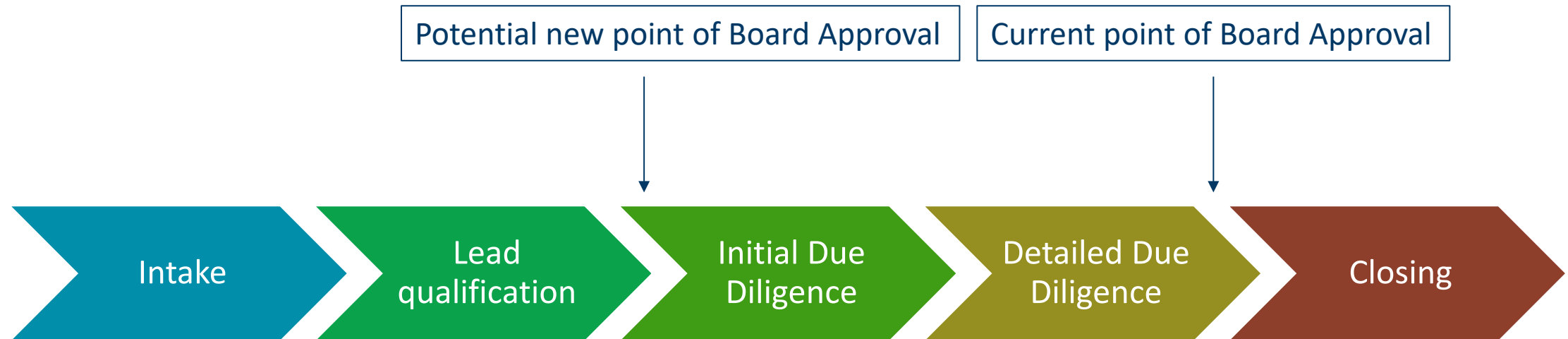
Implementation

MnCIFA is actively working to ensure best practices in our lending process to de-risk and monitor. This includes considering the following:

- Procuring software systems
- Potential new hires
- Established firms to review our lending practices and policies

What key changes could the Board see from Lending Manual updates?

- Change in timing of when the Board Approves



What key changes could the Board see from Lending Manual updates?

Subject to approval by our legal counsel and discussion with the Board:

- Deal-only Board Approval Meetings every other month
- Change in timing of credit committee meetings
- Information shared more frequently to socialize the deal well before the Board meeting
- More opportunities for Q&A

Current Schedule of Credit Committees and Board Meetings

Credit Committee

2026

January 14

February 11

March 11

April 8

May 13

June 10

July 8

August 12

September 9

October 14

November 11

December 9

Wednesdays at 11:00AM

Board Meetings

2025

December 17

2026

February 18

April 15

June 17

August 19

October 21

December date TBD

Wednesdays at 9:30AM

Repeat Customer Updates

Problem Statement:

- In Q4 2025, MnCIFA received several proposals for new projects from current MnCIFA clients with outstanding loan balances and no repayment history.
- Incumbent upon MnCIFA to evaluate all new opportunities, including with current clients, from a risk-based approach that considers a balanced asset allocation across counterparties, sectors, geographies, and technologies.

Approach:

- MnCIFA is not extending additional financing to current MnCIFA clients for a new project until the client's current MnCIFA outstanding obligation is repaid in its entirety and the client's current project (or portion of the current project financed by MnCIFA) is completed.

Rationale:

- MnCIFA seeks to achieve a balanced asset allocation, achieved in part by extending financing to new clients and mitigating portfolio concentration and repayment risks related to MnCIFA counterparties and financed technologies.



Finance Presentation

Eric Horent | CFO

Annual audit Report

- Annual financial? Audit requires per statutes (XXXX)
- Conducted after financial close (August 14).
- Conducted by Berry Dunn
 - Leah Clair, Senior Partner
 - Rob Smalley, Principal
- Assistance from Department Commerce and MMB accounting staff (Thank you)

Origination Fee

- State statutes allow MnCIFA to collect reasonable fees for its services (Minn. Stat. Section 216.441 subd. 4(9)(i)).
- Peer green banks commonly charge an origination fee when issuing loans.

Green Bank	Origination Fee
Climate First Bank	1.50%
Coalition for Green Capital	1.00%
Collective (Colorado) Clean Energy Fund	2.00%
Connecticut Green Bank	2.00%
Hawaii Green Infrastructure Bank	1.00%
Michigan Saves	1.00%
New Jersey Green Bank	0.50%
NY Green Bank	1.50%
New York City Energy Efficiency Corporation	2.00%
Solar Energy Loan Fund	2.50%

- The average origination fee from organizations listed above is 1.5%.
- This is higher than we recommended for MnCIFA because these banks are seeking to cover more than costs.

Origination Fee

- PSC conducted a rigorous cost analysis of 12 MnCIFA-funded projects.
 - Average project cost of 1.06% of the total loan value.
 - Range: 0.45%-2.97%

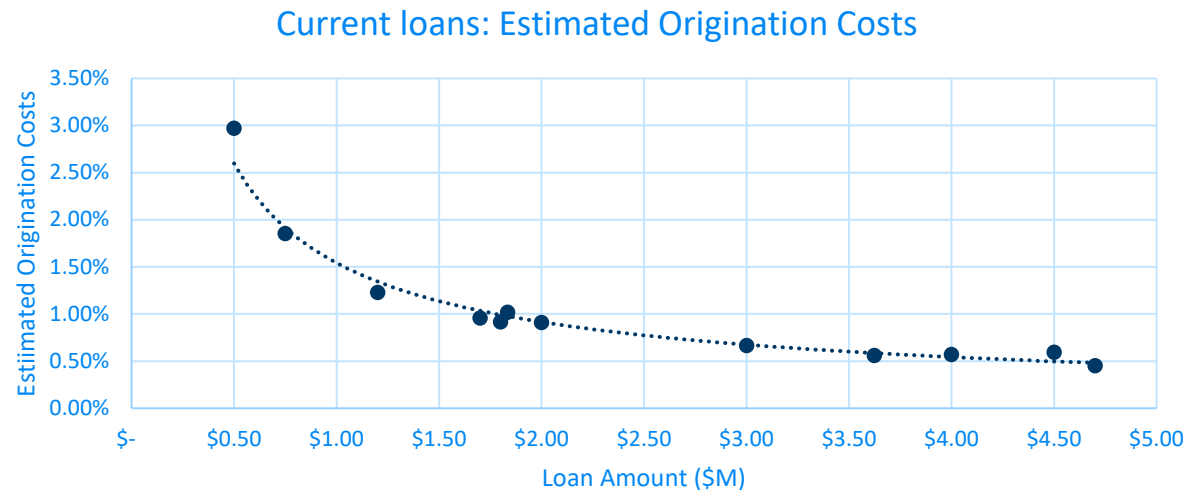
The cost model incorporated the following factors:

- Attorney general (AG) legal costs
- Staff hours
- Average staff hourly compensation rate
- Consulting costs
- A standard 15% indirect cost rate

Loan Amount	Costs as % of Loan
\$4,700,000	0.45%
\$1,200,000	1.23%
\$4,500,000	0.59%
\$1,700,000	0.96%
\$3,000,000	0.67%
\$4,000,000	0.57%
\$2,000,000	0.91%
\$3,623,700	0.56%
\$750,000	1.86%
\$500,000	2.97%
\$1,835,000	1.02%
\$1,800,000	0.92%

Origination Fee

- Origination costs are not proportional to loan amount.
- Relationship between origination costs and loan amount is not linear.



Origination Fee

- Fee Structure: 1.0% on loan amounts up to \$2,000,000, plus 0.5% on any amount exceeding \$2,000,000.
- Examples of fees for typical MnCIFA loan amounts:

Loan Amount	Origination Fee	Effective Rate
\$500,000	\$5,000	1.000%
\$1,000,000	\$10,000	1.000%
\$2,000,000	\$20,000	1.000%
\$3,000,000	\$25,000	0.833%
\$4,000,000	\$30,000	0.750%
\$5,000,000	\$35,000	0.700%

Origination Fee

- This fee structure was selected because:
- It adequately fits the data from cost analysis.
- It provides adequate cost recovery.
- It is not overtly complicated.
- It maintains affordability.

Loan Rescission Resolution

- When a loan is approved by the Board, funds get committed to this loan.
- Even if a loan agreement is not finalized, funds remain committed to the loan (as board resolution remains in place).
- New resolution is needed to rescind the loan so that funds committed to the loan can be allocated to other loans/projects.

Finance Team Updates

- Recent activities
 - Revision of the chart of accounts
 - Considerations: Financial reporting responsibilities & flexibility
 - Quarterly Meetings with projects
 - Continued procurement of loan management.
 - Continued work on payment portal.

Finance Team Updates

- Upcoming activities:
 - Formalize Quarterly Performance Review (including reporting to the Board)
 - Loss reserve policy
 - Revise loan servicing section of the lending manual





Thank You!

The MnCIFA Team

Kari, Parisa, Amy, Eric, Arpita, Maya, Mo