

Meeting Minutes: Credit Committee

Date: 08/13/2025

Minutes prepared by: Parisa Rostamkhani

Location: Closed remote meeting

Attendance:

- The meeting began at approximately 11:05 a.m.
- Present: Nelmark, Teiken, Benjamin, McKinnon, Sultanova, Mills
- Absent: Fowler

Approval of Agenda & Minutes from the June 11, 2025, Meeting:

- Motion: Teiken Second: Mills
- Unanimous approval - roll call vote.

Loan Portfolio Review-High Level Discussion & Case Study:

- Kari Groth Swan gave an overview and a high-level overview on the Loan Portfolio.
- HR1 Update from Avisen given by Jeremy Kalin:
 - Projects that begin construction by the end of 2025 to avoid FEOC Material:
 - Assistance requirements can use the existing 2018-59 Notice began construction thresholds because Congress codified those notices in the FEOC Material Assistance definition.
 - Projects that are placed in service by Dec 31, 2027, can claim the ITC, regardless of when they begin construction.
 - Projects that start construction soon will almost certainly be far enough along by July 4, 2026, to meet the higher threshold in the August 17 guidance to have a later Placed in Service deadline.
- Responding to this by working jointly in Commerce to create a Request for Information:
 - RFI issued by MnCIFA and MN Dept. of Commerce. Response deadline is Friday, September 12, 2025.
 - Seeking input on:
 - Project plans to begin construction before December 31, 2025.
 - Developer's ability to comply with FEOC requirements.
 - Needs for the State to support projects under HR1- what are your project needs?
- Kari gave an update on the Finance Leadership on how the Chief Investment Office and Chief Finance Officer will play a part with MnCIFA.
 - In the process of hiring two loan officers who will report to our new Chief Investment Officer, Arpita Bhattacharyya.
- Eric Horner, MnCIFA's new Chief Financial Officer, gave an overview of the closed loan process.
 - Number of Projects: 7
 - Loaned Amount (Total): \$21,
 - Loan Servicing: Recent Activities:

- Met with leadership for all projects for project status updates. No current concerns about repayment.
- Recurring quarterly meetings will be scheduled in the future with each project for updates.
- Each project will report to the Credit Committee twice a year. This is due to MMB needing a report twice a year.
- Loan servicing: Upcoming Activities:
 - Setting up process with borrowers to consistently provide required documentation for loans (prevailing wages).
 - Finalizing amortization schedules and creating statements of interest for borrowers.
 - Working with Commerce on the invoicing process for payments.
 - Working with Commerce and MMB on setting up an account to receive origination fees.
- Origination Fee:
 - AGO: No issue with origination fee “so long as MnCIFA is charging reasonable and clearly disclosed origination fees that are applied in a fair and consistent manner”.
 - GFOA Best practices:
 - “Calculate the full cost of providing a service in order to provide a basis for setting the charge or fee.”
 - “Adopt formal policies regarding charges and fees” ...
 - For MnCIFA, setting fee is a balancing act:
 - Recovering the incurred expenses associated with issuing loans.
 - Keeping loans accessible to borrowers who may not have access to traditional financing.
 - Origination fee setting methodology:
 - For various loan sizes/project types, estimate the “typical” cost of issuing a loan.
 - Challenges:
 - Lack of historical data
 - Uncertainty about items making up the total costs of issuing loans
 - Uncertainty about the costs of items
 - Will review and revise estimates as more data is available.

HR1-Post Reconciliation Update:

- Arpita Bhattacharyya gave an update on the pipeline of the closed projects.
 - Key Milestones:
 - Carba - Site change to Kraemer lease
 - Winegar - Interconnection Queue
 - Neighborhood Dev. Center - HR1 and Loan structure
 - 180 Degrees is not moving forward due to finding financing through Civic bonds at a 5% interest rate.

4th Quarter & Beyond Staff Strategic Planning and Outlook:

- Q4 Pipeline and beyond:
 - Q54 projects will focus on low-hanging fruit that urgently need financing to hit the construction milestones.
 - Multiple projects have/will fall out of the pipeline, due to uncertainty in tax credits.
 - MnCIFA will issue another RFP in September for a new pipeline of projects that meet the criteria for the tax credits.
 - The RFP will have targeted requests based on a revamped MnCIFA strategy on portfolio composition and capitalization.
- Case Study: Consumer Financing:
 - Consumer financing carries risk
 - Credit
 - Collateral
 - Reputational
- If weak collateral, need strong financial partners.
- De-risk through draw structure and ongoing due diligence
- Case Study: Community Solar
 - Existing financing mechanisms
 - Banks can finance a complete portfolio with participation
 - MnCIFA can require a higher threshold for LMI customers
 - Discussion on threshold

Motion to Adjourn:

- Motion: McKinnon, Second: Mills
- Unanimous approval – roll call vote
- Meeting ended approximately at 12:01 p.m.