



February 18, 2026, Board of Director's Meeting

- Investment and Finance Updates:
 - Closing Updates
 - Call for Applications Overview
 - Lending Manual Updates
 - Q&A
 - Servicing and Monitoring Updates
- Legal Updates



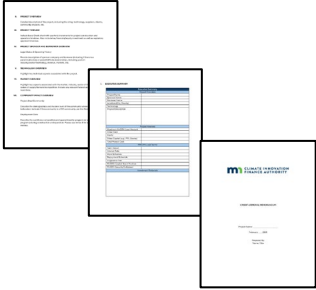
Investment Team

Arpita Bhattacharyya, Chief Investment Officer

Peter Greenwood, Director of Investments

Marissa Deml, Finance Administrative Assistant

January Investment Team updates



Extensive overhaul to process, templates, and documentation to derisk and develop best in class underwriting standards

The Call

2026 Call for Application is live!



NDC

Negotiating final version of loan agreement with **Neighborhood Development Center (NDC)** for the Board-approved \$1.5 million loan to support NDC's green lending facility to small businesses installing decarbonization and renewable energy installations. Team will request extension from 7 year loan to 9 year loan during BOD meeting.



Expecting draft of loan agreement and participation agreement from Minnwest bank to fund **Enterprise Energy** for the Board-approved \$5 million loan to build a community solar facility in Owatonna, MN.

MnCIFA 2026

Call for Applications is open!

mncifa.mn.gov/call-for-applications



MnCIFA Call for Financing Applications

for Affordable Energy Solutions and Innovative Technology Deployment



Reduce energy costs and increase reliability for Minnesotans



Bring clean energy innovation to Minnesota that spurs economic development



Expand clean energy opportunities in **Tribal or Greater Minnesota** communities

Reduce energy costs and increase reliability for Minnesotans



MnCIFA seeks projects that:

- Deploy commercially available clean energy technologies to save consumers, companies, nonprofits, or other entities money on their energy costs
- Technologies include, but are not limited to: solar, storage, geothermal, energy efficiency, wind

Preferred Qualifications:

- MnCIFA loan size between \$250,000 and \$2,000,000
- Financial and/or economic models that demonstrate cost savings to the end customer
- MnCIFA financing can be up to 30% of the project capital stack

Bring clean energy innovation to Minnesota that spurs economic development

MnCIFA seeks projects that:

- Utilize innovative technologies and create quality jobs
- Bring new companies and cutting-edge clean energy products to Minnesota

Preferred Qualifications:

- MnCIFA loan size between \$500,000 and \$5,000,000
- MnCIFA financing can be up to 50% of the full project capital stack



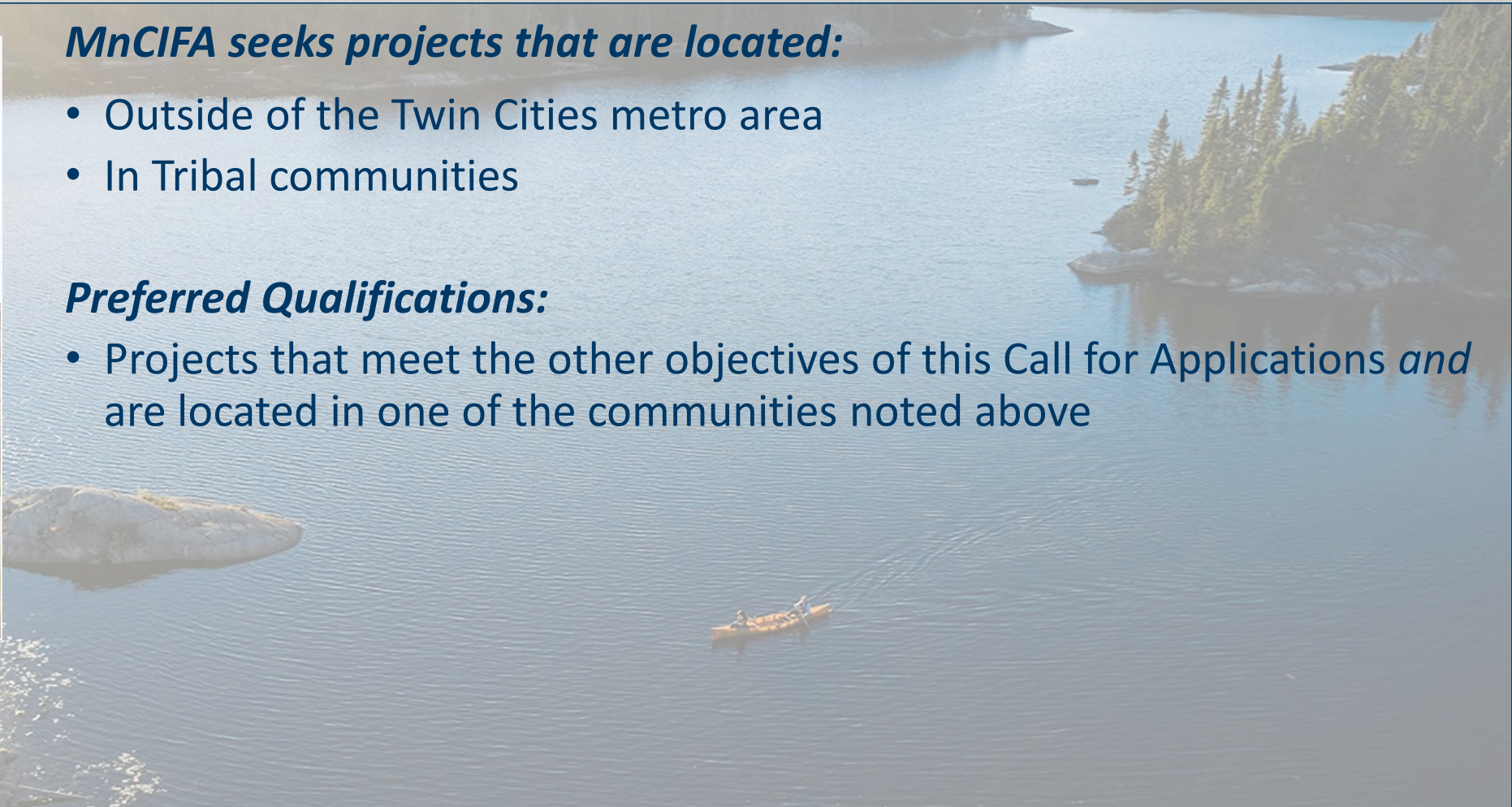
Expand clean energy opportunities in Tribal or greater Minnesota communities

MnCIFA seeks projects that are located:

- Outside of the Twin Cities metro area
- In Tribal communities

Preferred Qualifications:

- Projects that meet the other objectives of this Call for Applications *and* are located in one of the communities noted above



Loan Terms

Origination Fee

A one-time fee; 1.0% on loan amounts up to \$2,000,000, plus 0.5% on any amount exceeding \$2,000,000

Interest Rate

Risk adjusted spread over the base cost of funds (U.S. Treasuries), based on project risk and notching factors, including job creation, benefits to Environmental Justice Communities, leveraging private financing, and geographic diversity

Term

2-7 Years

Call for Applications Timeline

February 9

- Call for Applications open! Public question period commences.

Fridays

- All questions and answers from the preceding week will be posted to the Call for Applications webpage.

February 26

- Webinar

March 10

- First application window closes

March 11-25

- First Application Review Period


March 25

- Applicants receive notice on whether they are moving forward. MnCIFA posts notice of any additional review windows.

Lending Manual

Updates to Lending Manual

- Improved focus on project intake, origination, due diligence, and **Credit Committee** and **Board** approval processes
- Refinement and streamlining of project scoring tool and project risk rating and pricing tool templates
- Guidance of project versus corporate financial ratio analysis and acceptable thresholds to MnCIFA
- Integration of additional Know-Your-Customer (KYC) verifications throughout the process
- Introduction of new closing processes, to include interdepartmental closing committee



MnCIFA Risk Rating Tool

Project Name:	COMPANY ABC
Project Sponsor:	PROJECT XYZ

Risk Category	Risk Score	Risk Rating	Risk Value	Loan Officer Notes
Operating Track Record	1	Low Risk	Industry Leader	
Management Track Record	1	Low Risk	Very Capable	

Financial Information

Financial Performance


Collateral & Capital S

Debt to Equity Ratio

Debt Service Covera

Certainty of Repayme

Average Rating




Project Qualification

Category	Subcategory	Criteria	Value (Y/N)	Loan Officer	Comments
Applicant Eligibility (Required)	Basic Criteria	Located in Minnesota	Yes/No/Other		
		Qualified Project (per MnCIFA status)	Yes/No/Other		
		MnCIFA loan limit <= \$250,000	Yes/No/Other		
		Compliance with BABAA & DBRA	Yes/No/Other		
Regulatory & Permitting (If Required) - NOTE: Projects may not require local, state and/or federal permitting or approvals, environmental impact assessments or statements, and/or interconnection rights. If not required/relevant, this section will be empty.	Supplemental Basic Criteria	Permitted & approved	Yes/No/Other		
		Interconnection & utility requirements	Yes/No/Other		
		Environmental Impact Assessment (EIA) / environmental impact study (EIS)	Yes/No/Other		

Project Scoring

Category	Subcategory	Criteria	Score	Loan Officer	Comments
Financial Viability	Financial Status	Audited financials, collateral and/or other guarantees	35	0	
		Experiences and expertise of entity, including leadership, and project team	10		
		Legal Standing	5		
		Financing Risk	5		
Project Alignment / Community Impact	Job Creation & Situation	Creates and/or retains jobs and/or provides job training	25	0	
		Positive environmental impact	10		
		Project Demographics	5		
Social and Economic Benefits	Community Benefits	Demonstrable impact for the community served by the project	25	0	
		Community Engagement	10		
Innovation and Scalability	Innovation	Introduction of viable and novel products, technologies, processes, services and/or scalability	10	0	
		Potential to be replicated or expanded as a model for future implementations	5	0	



U.S. Treasury Data
As of 01/30/2026

	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year
3.48%	3.52%	3.6%	3.73%	4.01%	4.28%	4.82%	4.87%	

Base Treasury + Risk Spread (%)

Risk Rating Tool Scoring & Rating	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year
Lower Bound Score	3.48%	3.52%	3.6%	3.73%	4.01%	4.28%	4.82%	4.87%
High Bound Score	3.48%	3.52%	3.6%	3.73%	4.01%	4.28%	4.82%	4.87%
0.00	1.00	AAA	0.00%	3.48%	3.52%	3.6%	3.73%	4.01%
1.10	1.50	AA	0.25%	3.73%	3.77%	3.85%	4.04%	4.28%
1.51	1.75	A	0.50%	3.98%	4.02%	4.10%	4.29%	4.53%
1.76	2.00	BBB	1.00%	4.48%	4.52%	4.60%	4.79%	5.03%
2.10	2.50	BB	1.50%	4.98%	5.02%	5.10%	5.29%	5.53%
2.51	3.00	B	2.50%	5.98%	6.02%	6.10%	6.29%	6.53%
3.10	3.50	CCC	3.50%	6.98%	7.02%	7.10%	7.29%	7.53%
3.51	4.00	CC	4.50%	7.98%	8.02%	8.10%	8.29%	8.53%
4.10	4.50	C	5.50%	8.98%	9.02%	9.10%	9.29%	9.53%
4.51	5.00	D	6.50%	9.98%	10.02%	10.10%	10.29%	10.53%

Lending Manual



- Articulation of project intake process via either a Rolling Basis or Call for Applications
- Further clarification of **Base Eligibility Criteria, Preference Criteria**
- Completion of preliminary Know-Your-Customer (“KYC”) diligence

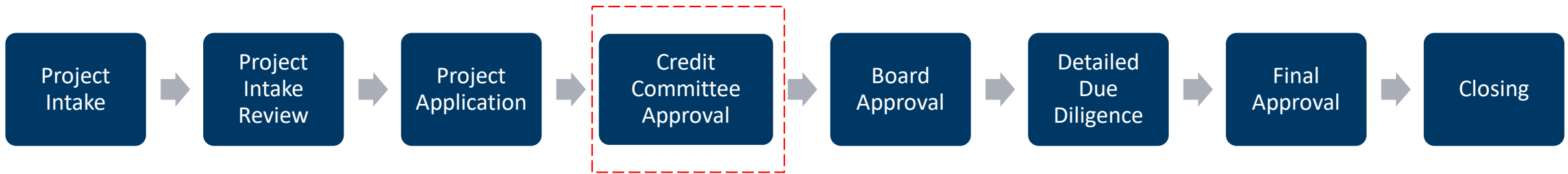
Base Eligibility Criteria

- Located in Minnesota
- Meets the definition of a **Qualified Project**
- Requests the minimum of \$250,000
- Pays the prevailing wage

Preference Criteria

- High-quality employment and apprenticeship opportunities for local workers
- Contractors/subcontractors right to organize/unionize is recognized
- Project labor agreement
- Benefits to **Environmental Justice Communities**
- Energy technology produced domestically

Lending Manual



Credit Committee Approval

- Review and approval of a project based on the information in the **Credit Approval Memorandum**, which includes:

- Project Overview & Timeline
- Project Sponsor and Borrower Overview
- Technology Overview
- Market Overview
- Community Impact Overview
- Financial Analysis

CLIMATE INNOVATION FINANCE AUTHORITY

CREDIT APPROVAL MEMORANDUM

Project Name: _____
February, 2025
Prepared By: _____
Name, Title

Risk Factor	Rating	Rationale
State Treasury Risk	Low	
Financial Risk Spreads	Low	
Interest Rate	Low	
Industry	Low	

IX. TRANSACTIONS
Labor Standards
Describe labor requirements for the project and application to contractors and subcontractors.

II. PROJECT OVERVIEW
Detailed description of the project, including the site, technology, suppliers, clients, contracts, permits, etc.

III. PROJECT TIMELINE
Indicate the start, operation and approval time.

IV. PROJECT SPONSOR
Legal Status of the Project

V. TECHNOLOGY
Highlight key technology.

VI. MARKET OVERVIEW
Highlight key market trends and opportunities.

VII. COMMUNITY IMPACT
Project location, employment, etc.
Describe the project's impact on the community.

VIII. FINANCIAL ANALYSIS
Indicate if this is a new project or an existing project.
Years in the form of the project, and mid-point of the project, and terms and conditions.

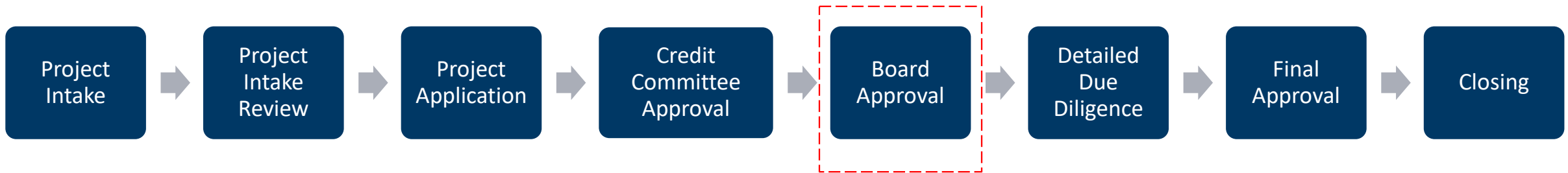
IX. EXECUTIVE SUMMARY
Executive Summary
Project Overview

Item	Value
TOTAL	\$ TOTAL \$

Table of Risk Factors

Risk Factor	Rating	Rationale
State Treasury Risk	Low	
Financial Risk Spreads	Low	
Interest Rate	Low	
Industry	Low	

Lending Manual

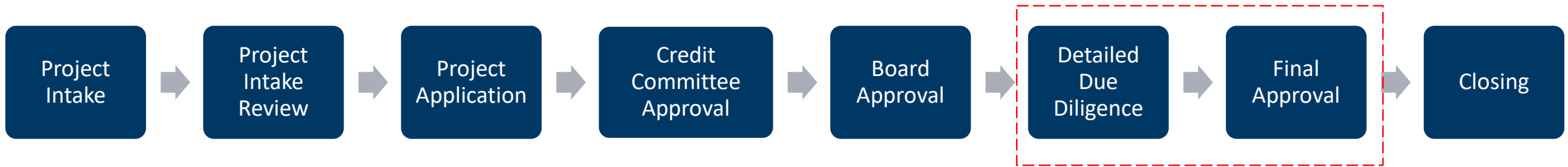


Board Approval

- Review and approval of a project based on the information in the **Credit Approval Memorandum**, which is shared directly via email to the Board.
- Discussion at the Board Meeting of the project, based on Board review of the **Credit Approval Memorandum** and the **Public Board Summary**
- Board approval results in encumbrance of MnCIFA funds for the project for a period of no longer than one calendar year from the date of Board approval

MnCIFA Project Public Summary	
Project Overview	
Project Name	
Sponsor Name	
Borrower Name	
Location (City, County)	
Technology	
Project Description	
Project Funding Sources	
Maximum MnCIFA Loan Amount	
Other Debt	
Equity	
Other Capital (e.g., PFI, Grants)	
Total Project Cost	
Community Impact	
Construction / Permanent Jobs	
Value of Energy Savings	
GHG Reduction	
GHG Avoidance	
Investment Rationale	
MnCIFA Project Score	

Lending Manual



Detailed Due Diligence & Final Approval

- Further review and analysis the project regarding market dynamics, technology, third-party contracts and counterparties, additional funding or financing arrangements, impacts to MnCIFA financial analysis
- Final analysis presented in **Final Credit Memorandum** to the Executive Management Team for review and final approval.
- Any material changes to the project from what was originally presented to Credit Committee and the Board will be presented to those committees for review prior to the Executive Management Team's final approval.

Risk Factors

Risk Factor	Rate	Rate/Rate
Basic Recovery Rate	%	
Financial Risk Spread	%	
Technology		
Industry		

II. PROJECT OVERVIEW

Describe the project, including the siting, technology, suppliers, clients, community impacts, etc.

III. PROJECT TIMING

Include board approval time, operation time, approval time.

IV. PROJECT SCOPE

Legal Status & Location

V. TECHNOLOGY

Highlight key technology.

VI. MARKET OVERVIEW

Highlight key market segments.

VII. COMMUNITY

Describe the project's impact on the community.

EXECUTIVE SUMMARY

Item	Value
Project Name	
Project Location	
Project Type	
Project Status	
Project Description	
Project Risk	
Project Return	
Project Cost	
Project Revenue	
Project Profit	
Project IRR	
Project NPV	
Project Payback	
Project Break-Even	
Project Sensitivity	
Project Risk Rating	
Project Risk Mitigation	
Project Risk Rating	

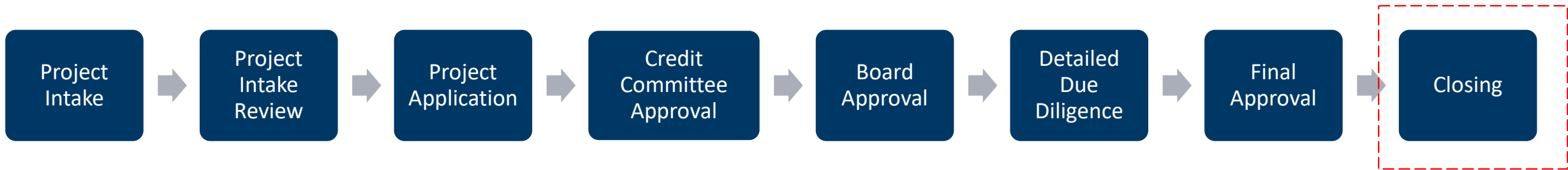
FINAL CREDIT MEMORANDUM

Project Name: _____

February __, 2026

Prepared By: _____
Name, Title

Lending Manual



Loan Closing

- Created internal interdisciplinary MnCIFA working group, the **Loan Closing Committee** to include the CIO, CFO, internal counsel, and loan officers with the objective of reviewing draft loan agreements, project closing checklists, loan amortization and repayment schedules, funds flow memoranda, and set estimate closing dates
- **Loan Transfer Memorandum** for each project which formalizes hand-off between **Investment Team** and **Loan Servicing and Portfolio Monitoring Team**
- **Borrower Informational Memorandum** from MnCIFA to the borrower, highlighting key sections of the loan agreement to the borrower.



Finance Team

Eric Horent, Chief Financial Officer

Marissa Deml, Finance Administrative Assistant

Investment Monitoring

Investment Monitoring

- Loan portfolio monitoring is the continuous, systematic oversight and analysis of MnCIFA's loan portfolio to
 - Assess credit quality,
 - Identify and mitigate risks,
 - Ensure regulatory compliance,
 - And optimize overall performance.
- MnCIFA employs a risk-based credit analysis framework to identify, assess, and prioritize potential investment risks by evaluating both the probability of default and potential impact on repayment.
- Methodology to assess risk should be consistent with, but not identical to, the methodology used for the original risk assessment of the loan.

Portfolio Reporting

MnCIFA staff will prepare detailed reports that track the financial health and performance of individual loans and the overall portfolio over time.

Quarterly Reviews

- MnCIFA staff shall prepare a Quarterly Performance Report (“QPR”) for presentation to the Board summarizing the status and performance of each individual loan and the portfolio as a whole.

Annual Reviews

- MnCIFA staff shall prepare an Annual Review of each individual loan. Annual Review is an in-depth financial analysis of borrower, analysis of project progress, etc.
- MnCIFA staff shall prepare a summary of the Annual Review for presentation to the Board.

Investment Monitoring

In-depth Analysis for Higher Risk Projects

- Loans with risk ratings of three or below are classified as higher-risk credits and placed on the MnCIFA Watch List.
- MnCIFA will monitor the investment loan portfolio and conduct in-depth risk analyses for projects deemed high risk or placed on the Watch List.
- Analyses include reviews of project and sponsor financial performance, collateral valuation, industry and market conditions, loan repayment under various stress scenarios, and impairment assessments.
- Enhanced analyses will continue quarterly for as long as a project remains on the Watch List.

Investment Monitoring

Charge-Offs / Write-Downs

- MnCIFA charges off or partially writes down loans deemed to have a high probability of loss.
- All loan charge-offs must be authorized by the Credit Committee. Approved charge-offs shall be reported to the Board.

Loan Loss Reserve

- MnCIFA shall establish and maintain an Allowance for Loan Losses (“ALL”). The ALL shall reflect management’s calculation of loan losses based on historical losses which have already occurred in addition to losses which are probable to occur and can be reasonably estimated.
- MnCIFA shall reassess loan losses on a periodic basis and update the ALL as necessary to reflect changes in portfolio performance and credit quality. Any material adjustments to the ALL shall be reviewed and recommended by management and are subject to approval by the Credit Committee and the Board of Directors.

Investment Monitoring

Past Due Payments

- MnCIFA shall follow industry best practices in loan servicing and monitoring, including tracking track borrower payments and required reporting, and conducting conduct proactive outreach to borrowers prior to the expiration of any applicable grace periods and before the issuance of a notice of default.
- MnCIFA may assess a late fee.

Compliance Requirements

MnCIFA is committed to working with borrowers to ensure that loans remain in compliance with the terms of the loan agreement and all applicable statutory and regulatory requirements.

- Borrowers shall provide periodic reporting to MnCIFA evidencing compliance.
- MnCIFA shall employ a graduated approach to addressing borrower noncompliance with loan agreements or applicable statutory or regulatory requirements.
- Where feasible and in MnCIFA's judgment, noncompliance may be addressed through a workout agreement or other negotiated remediation.
- Any workout agreement or material enforcement action shall be subject to review and approval by the Credit Committee and, where required, the Board.

Loan Servicing & Monitoring: Recent Activities

- Procedures to accompany Lending Manual
 - 5-month engagement with Berry Dunn and MMB
 - Focus: Policies and templates & procedures
 - Policies to be submitted to Board for approval
- New loan accounting structure implemented in SWIFT
 - Allows us to track loan transactions by funding sources and categories of payments.
 - Will allow us to accommodate new funding sources and new products.

Loan Servicing & Monitoring: Recent Activities

- Payment Portal in production
 - Link: [Client Portal | Minnesota Climate Innovation Finance Authority](#)
 - ACH payments through US Bank
 - Allow us to implement our invoicing process
- Loan Management System
 - Finalizing vendor selection
 - Preparing procurement (2-3 months)
 - Planning implementation (2-3-months)
 - Timeline for system to be in production: August 2026

- **30,000 Feet**
 - Experiencing delays with receiving tax credits.
 - Loan Modification:
 - New maturity date of July 31, 2027 (end date in the Credit Memo and the recorded Mortgage).
 - Adds a new subsection to the Loan Agreement regarding use of the tax credit proceeds to pay MnCIFA and timing of that payment.

- **Renewable Energy Partners (REP)**
 - Experiencing delays receiving reimbursements from DOE.
 - Loan Modification:
 - Change the date at which REP will pay interest and principal from January 1, 2026 to January 1, 2027.

Thank You!

The MnCI FA Team