CLIMATE INNOVATION FINANCE AUTHORITY

Meeting Minutes: MnCIFA Credit Committee Meeting

Date: 02/11/2026
Minutes prepared by: Parisa Rostamkhani
Minutes approved on: 03/11/2026
Location: Closed Remote Meeting

Attendance:

- The meeting began at approximately 11:02 am.
    - Present: Nelmark, Mills, Sultanova, Fowler, McKinnon
        - Proxy for Kevin McKinnon: Lisa Hughes (DEED)
- Absent: Benjamin, Teiken

Approval of Agenda:

- Motion to approve agenda: Mills, Second: Fowler
    - Unanimous approval – roll call vote.

Approval of Minutes from the January 14, 2026, meeting:

- Motion to approve January 14, 2026, meeting minutes: Mills, Second: Sultanova
    - Unanimous approval – roll call vote.

Investment Team Updates:

- 2026 Call for Application is now live on mncifa.mn.gov/call-for-applications**.**
- Extensive overhaul to process, templates, and documentation to derisk and develop best-in-class underwriting standards. Negotiations are underway on the final version of the loan agreement with Neighborhood Development Center (NDC) for the Board-approved $1.5 million loan to support NDC's green lending facility for small businesses installing decarbonization and renewable energy systems.
- 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.
- Three key objectives:
    - 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 MN communities.
- 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, and wind. The preferred qualifications are:
    - 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 would be up to 30% of the full project capital stack.

    - Plan to access federal tax credits, where applicable.
- MnCIFA seeks projects that utilize innovative technologies and create quality jobs, such as bringing new companies and cutting-edge clean energy products to Minnesota
    - Preferred qualifications are a loan size between $500,000 and $5,000,000, and MnCIFA financing would be up to 50% of the full project capital stack.
- MnCIFA seeks projects that are located outside of the Twin Cities metro area and in Tribal communities.
    - Preferred qualifications are projects that meet the other objectives of this Call for Applications and are located in one of the communities noted above.
- Call for Applications Timeline:
    - February 9: Call for Applications is 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: Applications receive notice on whether they are moving forward
    - MnCIFA posts notice of any additional review windows.

- Peter Greenwood gave an overview of the lending manual updates. There has been an improved focus on project intake, origination, due diligence, and Credit Committee and Board approval processes. Introduction of new closing processes to include an interdepartmental closing committee, as well as an integration of additional "Know-Your-Customer" verifications throughout the process.
- Project intake and application: articulation of the project intake process via either a Rolling Basis or a Call for Applications. Further clarification of Base Eligibility Criteria and Preference Criteria. Completion of preliminary Know-Your Customer, as a way to understand the customer more in the application process.
    - 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
- The Credit Committee Approval process will be a 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

- Board Approval will be a 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 will result in encumbrance of MnCIFA funds for the project for a period of no longer than one year from the date of Board approval.
- Detailed due diligence and final approval will be a further review and analysis of the project regarding marketing dynamics, technology, third-party contracts and counterparties, additional funding of financing arrangements, and impacts to MnCIFA financial analysis. Final analysis will be presented in the 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 the Credit Committee and Board will be presented to those committees for review before the Executive Management.
- Loan closing is the step in the process that created an 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 memorandum, and setting estimated closing dates. A Loan Transfer Memorandum for each project will be the formalized hand-off between the Investment Team and the Loan Servicing and Portfolio Monitoring Team. The Borrower Informational Memorandum from MnCIFA to the borrower will highlight the key sections of the loan agreement to the borrower.
- Eric Horent gave an overview of the Investment Monitoring. This process will be 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 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.
- An in-depth analysis for Higher Risk Projects:
    - Loans with risk rates 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.
- 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.
- Loss Loan Reserve: MnCIFA shall establish and maintain an Allowance for Loan Losses ("ALL"). "ALL" shall reflect management's calculations of loan losses based on historical losses which have already occurred, in addition to losses which are probably to occur and can be reasonably estimated.

- MnCIFA shall reassess loan losses periodically 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 BOD.
- Past Due Payments: MnCIFA shall follow industry best practice in loan servicing and monitoring, including tracking borrower payments and required reporting, and conducting proactive outreach to borrowers before 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 judgement, 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 BOD.
- Quarterly Reviews: MnCIFA staff will prepare detailed reports that track the financial health and performance of individual loans and the overall portfolio over time. This will include Quarterly reviews, where 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 the borrower, analysis of project progress, etc. MnCIFA staff shall prepare a summary of the Annual Review for presentation to the BOD.

Finance Team Updates:

- Payment system portal is now fully tested and in production, and invoices are being sent to projects. Payment should be received from projects this month.
- Hiring for a Loan Servicing and Portfolio manager position, which was posted and has now been closed for application review. The projected start date for the position is April 2026.
- Loan updates:
    - 30,000 Feet is experiencing delays in receiving tax credits and repayment from federal partners. There has been a loan modification of a new maturity date of July 31, 2027 (end date in the Credit Memo and the recorded mortgage). This adds a new subsection to the Loan Agreement regarding the use of the tax credit proceeds to pay MnCIFA and the timing of that payment.
    - Renewable Energy Partners (REP) is experiencing delays in receiving reimbursement from DOE. Loan modification has been a change of date at which REP will pay interest and principal from January 1, 2026, to January 1, 2027.

Adjourn:

- Motion: Fowler, Second: Kumar

- Unanimous approval – roll call vote
- Meeting ended approximately 12:00 pm